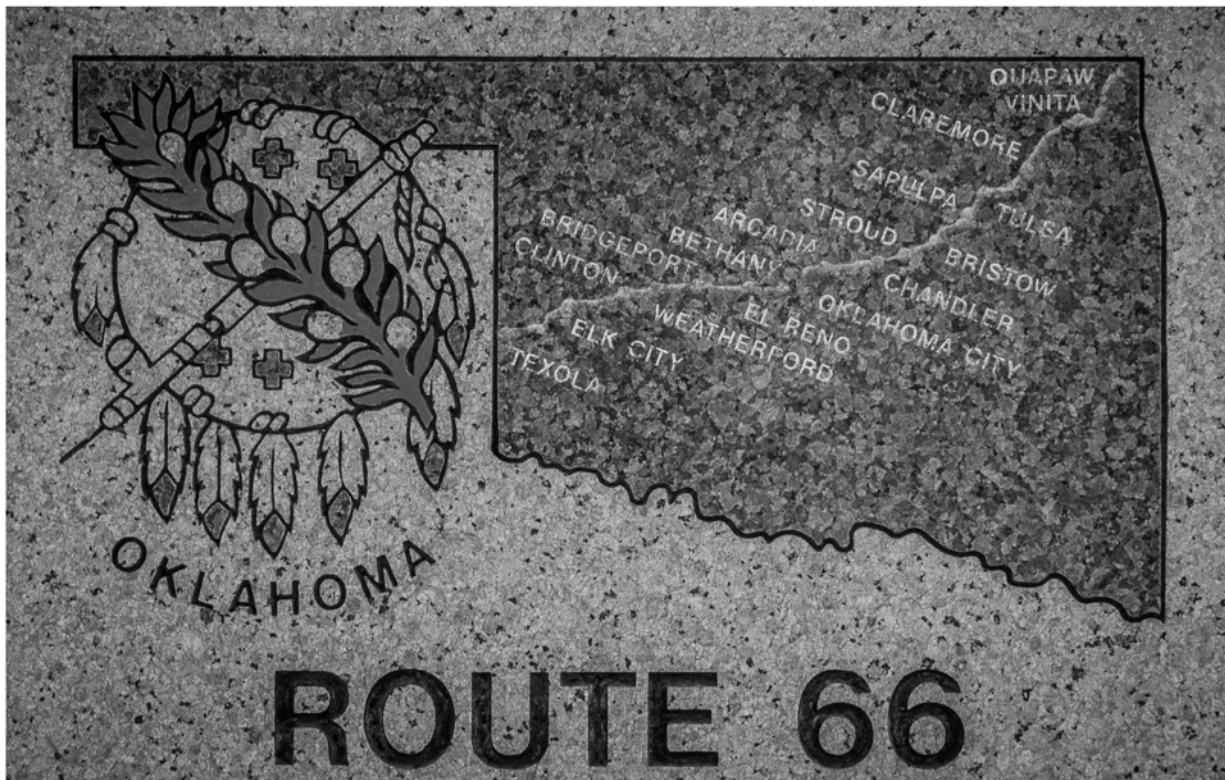


The State of **OKLAHOMA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT *2016*

Fiscal Year Ended June 30, 2016





Though all of the eight states along historic Route 66 display pride in ownership of their piece of the pavement, Oklahoma seems to do it the best. Perhaps that is as it should be, given that the Mother Road was born in Oklahoma on Nov. 11, 1926, when Cyrus Avery of Tulsa conceived the idea to link Chicago all the way to Los Angeles. Moreover, Oklahoma has more miles of the original highway than any other state, they were the first to install historic markers along the old route, the first to have a state-sponsored Route 66 museum, and ironically, the first to lose part of the original road when I-44 barreled through, dealing a deathblow to many service businesses between Tulsa and Oklahoma City.

Source: www.legendsofamerica.com

Photographs provided by Stefani L. Hovarter, CPA, CGFM, employee of the Oklahoma Office of Management and Enterprise Services.

OKLAHOMA 2016

**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2016**

Mary Fallin
Governor

Prepared by
Office of Management and Enterprise Services

Preston L. Doerflinger, Director
Lynne Bajema, State Comptroller

The Oklahoma Comprehensive Annual Financial Report is an annual publication of the Oklahoma Office of Management and Enterprise Services and is prepared by the Division of Central Accounting & Reporting.

Requests for additional copies, comments or questions may be directed to Stephanie Brown, Office of Management and Enterprise Services, 5005 North Lincoln Blvd., Suite 100, Oklahoma City, Oklahoma 73105.

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“East Meets West”, a sculpture in Cyrus Avery Centennial Plaza at Southwest Boulevard and Riverside Drive in Tulsa, OK. The sculpture depicts Cyrus Avery stopping his Ford on the 11th Street Bridge as the vehicle frightened two horses pulling a wagon laden with oil barrels.



State of Oklahoma
Office of Management and Enterprise Services

December 21, 2016

To the Honorable Mary Fallin, Governor
Members of the Legislature, and
Citizens of the State of Oklahoma

The Office of Management and Enterprise Services (OMES) is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 2016. This report is presented in three sections — introductory, financial and statistical — as the primary means of reporting the state government's financial activities. Its objectives are to provide a clear picture of the government as a single, unified entity and to provide traditional fund based financial statements. The CAFR has been prepared in conformity with relevant Governmental Accounting Standards Board statements.

The Introductory Section contains an overview of the state's economic performance, a review of current initiatives and summary financial data. The Financial Section contains Management's Discussion and Analysis, Government-wide Financial Statements and Fund Financial Statements for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. The Financial Section also includes the Notes to the Financial Statements, Required Supplementary Information and Other Supplementary Information. The Statistical Section contains selected financial and demographic information. Management's discussion and analysis contains complementary information, and readers are encouraged to review this section.

PROFILE OF THE GOVERNMENT

Management of the state, through OMES, is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The statements have been prepared in accordance with generally accepted accounting principles. To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the state's financial position and activities. The governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority, college and university whose data are presented in this report. The financial reporting entity, the State of Oklahoma, includes these funds, organizations, agencies, boards, commissions and authorities. In accordance with Governmental Accounting Standards Board Statement 61, the state financial reporting entity includes 19 component units. There are six major component units, seven nonmajor component units, and six fiduciary component units. The major and nonmajor component units are discretely presented in the Financial Statements. The fiduciary component units are presented in the fiduciary fund and similar component units' financial statements, along with the other fiduciary activities of the state. The fiduciary activities are not included in the Government-wide Financial Statements because the resources of these funds are not available to support the state's own programs.

State finances are governed by rules designed to ensure sound, conservative management. The Legislature cannot appropriate more than 95 percent of the general revenue expected to be collected in the coming year. The state Board of Equalization, an independent board not subject to legislative control, establishes the legislative appropriation authority. Unlike many states that use seasonal borrowing to meet cash demands, Oklahoma maintains a cash flow reserve sufficient to meet fluctuating cash needs. General obligation indebtedness is prohibited without a vote of the people. When revenue receipts are less than estimated, the Director of Finance is mandated by the Oklahoma Constitution to declare a revenue shortfall and reduce appropriations as required to allow appropriations to be covered by current year tax collections.

The state's financial statements have been audited by the Office of the State Auditor and Inspector. The goal of the independent audit was to provide reasonable assurance that the financial statements of the state for the fiscal year ended June 30, 2016, are free of material misstatement. The audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller general of the United States. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that, based upon the audit, there was a reasonable basis for rendering an unqualified opinion and that the State of Oklahoma's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the Financial Section of this report.

Internal Controls

Management of the State of Oklahoma is responsible for the establishment and maintenance of internal accounting controls designed to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost does not exceed the benefit obtained.

Budget and Fiscal Policy

The budget process begins when each agency, other than the Legislature, that expends money through the state treasury submits an annual budget request to OMES. Copies are also provided to the legislative fiscal staffs. These requests are reviewed and analyzed for the governor by OMES. The governor then makes formal recommendations in the executive budget which is presented to the Legislature on the first day of the legislative session. During the legislative session, legislative committees review agency needs and recommend appropriation levels. Then the Legislature must approve all appropriation bills to fund agency operations for the next fiscal year. Appropriation bills provide for state appropriated funds and establish spending limits for state agencies. The governor can accept, reject or line-item veto particular legislative appropriations. Before encumbering or spending money in the fiscal year, each agency must submit a budget work program to OMES. The program outlines, by object of expenditure, fund source and program category, how the agency plans to spend the available state, federal and revolving funds during the fiscal year. OMES must approve an agency's budget work program before agencies can encumber or spend available funds.

Oklahoma's Constitution restricts total appropriations to 95 percent of estimated general revenues. The Board of Equalization is responsible for approving the official itemized estimate of revenues based upon information provided by OMES and the Oklahoma Tax Commission and sets the amount of legislative appropriations authority. The board is comprised of six elected officials and the president of the state Board of Agriculture. The six elected officials are the governor, the state auditor and inspector, the state treasurer, the lieutenant governor, the attorney general, and the superintendent of public instruction.

The constitution requires that collections in excess of the Board of Equalization's itemized estimate of General Revenue Fund revenues be deposited to the Stabilization, or "Rainy Day" Fund each year until the balance of the Rainy Day Fund equals 15 percent of the prior fiscal year's General Revenue Fund certified appropriations authority. In November 2004, Oklahoma voters enacted restrictions on the use of the Rainy Day Fund. Up to one-fourth of the July 1 balance each year may be appropriated upon an emergency declaration by the governor with concurrence of two-thirds of the House and Senate, or by a declaration of an emergency by the House speaker and Senate's president pro tempore with concurrence of three-fourths of the members of each legislative body. Up to three-eighths of the fund may be accessed if the Board of Equalization is forecasting a decline in state revenues for the coming fiscal year and up to three-eighths may be utilized in the event of a current year revenue shortfall.

The state also has an oversight process for the issuance of debt. The Council on Bond Oversight is responsible for the review and approval of all debt issued by the state, its agencies and public trusts, and performs an assessment of all capital leases.

Proprietary Operations

The state's proprietary operations are comprised of governmental agencies and quasi-governmental agencies providing goods or services to the public on a user charge basis. These activities are financed and operated in a manner similar to private business enterprises. They operate with the intent to recover the costs of operations from those directly benefiting from the goods or services. Some of the activities included in the state's proprietary operations are power generating plants, turnpikes, medical services, and insurance and financing services for both public and private entities.

Capital Assets

These financial statements include the capital assets of the state. A discussion of capital assets accounting is included in the management discussion and analysis that is part of the basic financial statements. More detailed information about capital assets can be found in the notes to the financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

The sharp drop in oil prices since mid-2014 negatively affected the economies of all oil and gas states and will likely remain a drag on Oklahoma's economy in 2017, but there are some encouraging signs as state industries outside the oil and gas sector have helped the state weather the prolonged energy market downturn.

Oklahoma's economy has been hit hard by a decline in mining and manufacturing jobs. Consisting almost completely of oil and gas jobs, mining lost 21,000 jobs, a 33 percent decline, from a peak in 2014 through July 2016, according to U.S. Bureau of Labor Statistics numbers. Employment in Oklahoma's manufacturing sector - much of which produces goods for the oil and gas sector - declined more than 10 percent, about 16,000 factory jobs, since 2014.

Such job losses are intertwined with Oklahoma's unemployment rate increase over the past year. Up by 1 percent for the year, the state's unemployment rate stood at 5.2 percent, according to U.S. Department of Labor numbers. That is up from a low of 4 percent in late 2014.

While the oil and gas price decline will continue to pose significant challenges for the Oklahoma economy, the state has still been able to maintain some momentum buoyed by several years of economic growth.

Oklahoma's recent gross domestic product (GDP) - the output of goods and services produced by labor and property used as the broadest measure of economic activity - fell 3 percent over the four quarters through the first quarter of 2016, below the national average growth rate of 2.1 percent.

Oklahoma's GDP growth rate still remains among the strongest states over the past decade, according to numbers compiled by the U.S. Congress Joint Economic Committee. Since the end of the Great Recession in 2009, Oklahoma GDP growth has averaged 2.5 percent, compared with a national average annual growth rate of 1.9 percent.

While Oklahoma's real GDP contracted in the first quarter of 2016, slipping 0.5 percent, several industries performed above that level, according to the Bureau of Economic Analysis. Construction added 0.7 percent to the state's GDP growth; health care and social assistance added 0.21 percent; retail added 0.22 percent; and agriculture, forestry, fishing and hunting was the largest contributor, adding 0.83 percent to Oklahoma's GDP.

Those gains helped balance the mining losses of 0.73 percent, the largest drag on the state's 2016 first quarter GDP numbers, and transportation and warehousing's decline of 0.53 percent.

The Oklahoma City area grew by 2.8 percent and ranked 108th out of 382 metro areas, outpacing the U.S. metropolitan area average real GDP growth of 2.5 percent in 2015, according to U.S. Bureau of Economic Analysis statistics. Tulsa grew 0.7 percent, ranking 256th, and Lawton grew 0.6 percent, ranking 264th.

There are signs the decline in Oklahoma manufacturing may be nearing an end, wrote Chad Wilkerson, vice president and Oklahoma City branch executive of the Federal Reserve Bank of Kansas City, in a September *Oklahoma Economist* article, "Is the collapse in Oklahoma manufacturing ending?"

The Kansas City Federal Reserve Bank's recent survey data suggest Oklahoma manufacturers are becoming less pessimistic and expect flat to slightly higher activity over the next six months, Wilkerson noted. To see sizable gains in production, oil prices will need to move substantially higher.

Employment in the energy and manufacturing sectors started falling in late 2014 when oil prices began a decline as the world oil supply increased following a surge in supply from Saudi Arabia and Iraq occurring simultaneously with steady oil production growth in North America.

Current and expected oil and natural gas prices remain below levels firms say they need to ramp up economic activity, according to an October 2016 survey from the Federal Reserve Bank of Kansas City. In September 2016, oil averaged about \$45 per barrel and natural gas nearly \$3 per million British thermal units (BTU). Survey respondents said oil prices would need to be \$53 a barrel and natural gas to be \$3.45 per million BTU to be profitable.

The firms surveyed projected prices for oil to be \$49 per barrel by year-end 2016 and \$57 by year-end 2017. Natural gas prices were projected at \$2.97 per million BTU by the end of 2016 and \$3.33 per million BTU by year-end 2017.

"For the first time in two years, firms reported rising business activity and revenues last quarter," Wilkerson said. "On average, though, firms need energy prices to be slightly higher than recent prices in order to be profitable." The economic downturn is evident in gross receipts to the Oklahoma Treasury - the state's share of personal and corporate income taxes, sales taxes, gross production taxes, motor vehicle taxes and other collections.

In September 2016, gross receipts were almost 10 percent lower compared to the same month of the prior year, continuing a 19-month contraction in the broad measure of state economic activity. The last time September collections were lower was in 2010. Collections for the past 12 months were the lowest since March 2012.

"As has been the story for almost two years, Oklahoma is feeling the effects of a supply driven downturn in energy prices that has spilled over into the rest of the economy," Treasurer Ken Miller said. "We are monitoring discussions within OPEC on reducing oil production volumes. Should an agreement to dial back production come to fruition, it could spur oil prices and turn the current negative cycle."

The same challenges were reflected in Oklahoma's General Revenue Fund (GRF) - the key indicator of state government's fiscal status and the predominant funding source for the annual appropriated state budget. GRF collections are revenues that remain after rebates, refunds and mandatory apportionments are subtracted from the gross receipts.

GRF collections in October 2016 missed the official monthly estimate by 10.8 percent and fell below the estimate for the first four months of fiscal year 2017 by 1.8 percent as income and sales tax collections continued to slide.

Oklahoma state government builds a 5 percent cushion into every appropriated state budget to prevent mandatory budget reductions if revenues fall below the official estimate. If revenues are projected to fall more than 5 percent below the estimate for the remainder of the fiscal year, a revenue failure is declared and mandatory appropriation reductions must occur to maintain a balanced budget.

Secretary of Finance, Administration and Information Technology Preston L. Doerflinger said the trends indicated that it is important to prepare for another tough budget year.

"Such numbers show that Oklahoma's economic turnaround has not yet begun," Doerflinger said. "While the state can't control all facets of the economy, such as oil prices, we must be proactive and prepare for tough challenges ahead."

Collections are down as low oil and gas prices have contributed to a September 2016 unemployment rate that had Oklahoma tied with Wyoming for the biggest increase in unemployment over the past year, according to U.S. Department of Labor numbers.

In September 2016, Oklahoma private-sector employment fell by 4,200 jobs. Over the past year, Oklahoma businesses have shed 11,000 jobs, compared to a decrease of 300 jobs during the previous year. There were 95,300 Oklahoma residents unemployed in September 2016, according to the Bureau of Labor Statistics.

Since February 2010, the national low point for private-sector employment, Oklahoma businesses added 108,500 jobs, an increase of 9.1 percent. Nationally, private payrolls have increased 14.3 percent over the same time. The greatest percentage gains in job growth since February 2010 are construction, 27.7 percent, or 18,000 jobs; leisure and hospitality, 21.5 percent, or 29,600 jobs; and trade, transportation and utilities, 10.5 percent, or 28,800 jobs.

Oklahoma's score on the Mid-America Business Conditions Index, a leading economic indicator for a nine-state region, reflects the state's increasing unemployment rate. The index rates states from 0-100. A score below 50 indicates a slowdown in economic growth in the next three to six months. Oklahoma scored 40.3 in September 2016 and dipped to 38.8 in October, below growth neutral for the fifth straight month. Both scores were the lowest in the region also including Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota.

"Both durable goods producers and nondurable goods manufacturers linked to energy continue to lose jobs," said Ernie Goss, director of Creighton University's Economic Forecasting Group, which conducts the monthly survey.

Oklahoma has taken several steps to help its workforce diversify and meet the challenges of the energy sector slump. Economic development entities designed to grow sustainable and consistent high-tech industries to counter the cyclical nature of staple industries like agriculture and energy are having success.

Gov. Fallin's vision for the Oklahoma Works initiative is to close the skills gap in its workforce and teach people the skills needed to meet the demand of Oklahoma's growing businesses. A coalition of state agencies, educational institutions, businesses and other partners are facilitating quality employment for workers and ready availability of highly skilled talent for business and industry.

The Oklahoma Department of Career and Technology Education system is a model program. The system offers services in 29 technology center districts operating on 58 campuses, 390 comprehensive school districts, 13 skills centers campuses that include three juvenile facilities and 28 adult basic education service providers. Annually, enrollment in CareerTech classes is about 500,000.

Complete College America is an ambitious program to increase the number of higher-education degrees and certificates earned in Oklahoma by an average of 1,700 per year, from 30,500 in 2011 to 50,900 by 2023, to keep Oklahoma competitive in a global economy. Four years into the program, Oklahoma is ahead of its goal.

In the 2014-15 school year, there were 38,109 degrees and certificates awarded at Oklahoma public and private universities and colleges, according to the Oklahoma State Regents for Higher Education. Degrees in science, technology, engineering and mathematics (STEM) have increased nearly 28 percent during the last five years. In 2014-15, nearly 6,500 degrees were granted in the STEM disciplines, more than a 6 percent increase from the previous year.

The efforts to diversify and increase workforce skills will be needed. With the energy sector not yet back in the position to boost the Oklahoma economy, the state will need other industries to help drive economic growth.

Two of the state's 10 fastest-growing industries, non-energy sector transportation equipment manufacturing - primarily aerospace - and arts, entertainment and recreation - spectator sports, museums and casinos, among other things - are mostly unrelated to oil and gas. Other industries important to the Oklahoma economy that reside largely outside of oil and gas are agriculture, hospitals and outpatient health care, and the federal government, including military.

While not doing as well as more diversified oil and gas states like Texas, Oklahoma's economy has outperformed other oil and gas states, wrote Wilkerson in a June 2016 *Oklahoma Economist* article, "How is Oklahoma's economy performing relative to other oil and gas states?" North Dakota and Wyoming have similar-sized oil and gas sectors as Oklahoma, but experienced much sharper declines in economic activity when oil prices fell.

Wilkerson wrote: "With Oklahoma already weathering the storm better than some states, the moderate improvement in oil and natural gas prices in the second quarter of 2016 is coming at a good time. ... While prices will likely need to be sustained at that level or slightly higher for some time for increased oil and gas activity to occur, the higher prices could mean declines in the sector may be nearing an end. Other challenges to Oklahoma's economy remain, including continued cuts in state government agencies and funding. However, the state's still relatively good overall economic condition - despite huge energy sector job losses - provides encouragement for the year ahead."

Some other highlights of Oklahoma's economy include:

- 2016 Fortune 500 companies NGL Energy Partners (167), Devon Energy (216), Chesapeake Energy (223), ONEOK Inc. (348), and Williams (364) are headquartered in Oklahoma.
- Three other Oklahoma-based companies, Love's Travel Stops and Country Stores (22), QuikTrip (33) and Hobby Lobby Stores (106) are on Forbes magazine's list of largest private companies in 2016.
- Twenty-five Oklahoma companies made the 2016 Inc. top 5,000 fastest-growing private-sector companies in the nation.
- The Mercatus Center at George Mason University in its 2016 fiscal condition rankings listed Oklahoma eighth overall, ranking 13th in terms of cash solvency, 16th in terms of budget solvency, fifth in terms of long-run solvency, 15th in terms of service-level solvency and second in terms of trust-fund solvency.

Highlights of the fiscal year 2016 and fiscal year 2017 executive branch budgets include (expressed in millions):

	Amount Appropriated		Percentage of Total Appropriations		Increase (Decrease) from Prior Year		Percentage Increase (Decrease)	
	2016	2017	2016	2017	2016	2017	2016	2017
Department of Education	\$ 2,485	\$ 2,427	34%	36%	\$ (2)	\$ (58)	(0%)	(2%)
Regents for Higher Education	963	810	13%	12%	(26)	(153)	(3%)	(16%)
Career & Technical Education	134	118	2%	2%	(5)	(16)	(4%)	(12%)
Other Education	45	41	1%	1%	(1)	(4)	(2%)	(9%)
Total Education	3,627	3,396	50%	51%	(34)	(231)	(1%)	(6%)
Department of Health	61	55	1%	1%	-	(6)	0%	(10%)
Health Care Authority	971	991	13%	15%	65	20	7%	2%
Department of Mental Health	341	325	5%	5%	2	(16)	1%	(5%)
Other Health	50	45	1%	0%	(5)	(5)	(9%)	(10%)
Total Health	1,423	1,416	20%	21%	62	(7)	5%	(0%)
Department of Human Services	679	652	10%	10%	3	(27)	0%	(4%)
Office of Juvenile Affairs	99	92	1%	1%	2	(7)	2%	(7%)
Other Human Services	76	67	1%	1%	1	(9)	1%	(12%)
Total Human Services	854	811	12%	12%	6	(43)	1%	(5%)
Department of Corrections	485	485	7%	7%	14	0	3%	0%
Department of Transportation	185	155	3%	2%	(12)	(30)	(6%)	(16%)
Department of Public Safety	100	89	1%	1%	4	(11)	4%	(11%)
Other	465	426	7%	6%	(8)	(39)	(2%)	(8%)
Total	\$ 7,139	\$ 6,778	100%	100%	\$ 32	\$ (361)	0%	(5%)

FINANCIAL INFORMATION

Governmental Functions

Most financial operations of the state are reported in governmental fund types, which are the General Fund and the Permanent Funds. Following are schedules of revenues and expenditures for these governmental funds. Note that the following tables present data according to generally accepted accounting principles (GAAP) for the fiscal year ended June 30, 2016, while previous tables have presented budgetary data for this and later periods. Transfers are primarily from the General Fund to support public institutions of higher education.

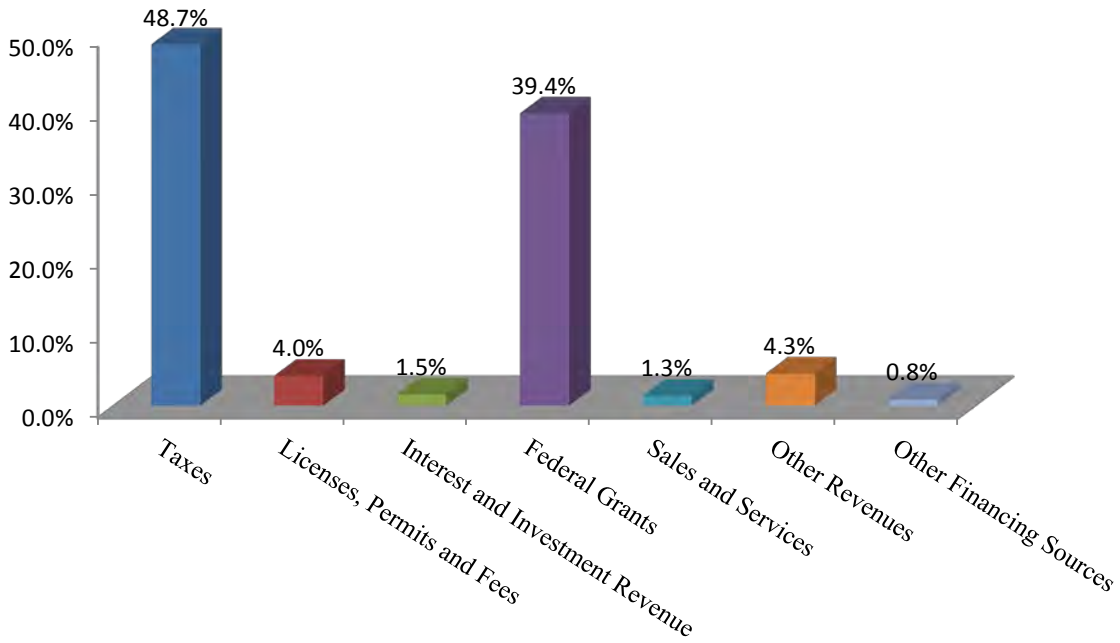
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis
(expressed in millions)

	2016 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	\$ 8,242	48.7%	\$ (428)	(4.9%)
Licenses, permits and fees	683	4.0%	(16)	(2.3%)
Interest and investment revenue	255	1.5%	(64)	(20.1%)
Federal grants	6,668	39.4%	15	0.2%
Sales and services	212	1.3%	32	17.8%
Other revenues	730	4.3%	(80)	(9.9%)
Other financing sources:				
Transfers	85	0.5%	1	1.2%
Bond and note proceeds	40	0.2%	(149)	(78.8%)
Other	20	0.1%	(85)	(81.0%)
Total revenues and other financing sources	<u>\$ 16,935</u>	<u>100.0%</u>	<u>\$ (774)</u>	<u>(4.4%)</u>

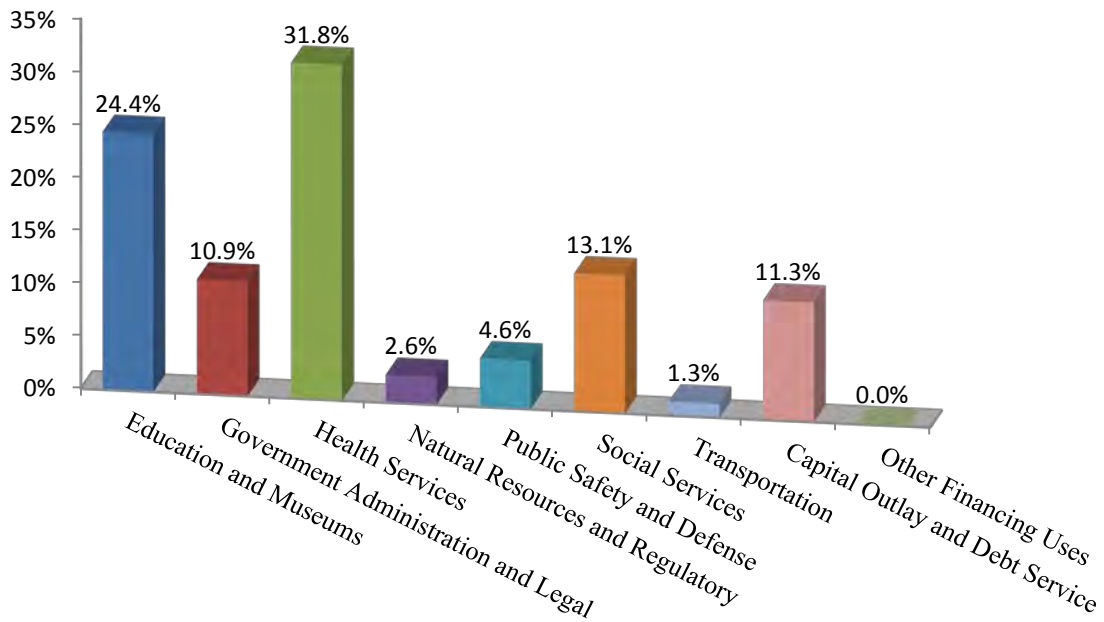
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis
(expressed in millions)

	2016 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	\$ 4,373	24.3%	\$ (86)	(1.9%)
Government administration	1,700	9.5%	(145)	(7.9%)
Health services	5,704	31.8%	68	1.2%
Legal and judiciary	252	1.4%	2	0.8%
Museums	9	0.1%	(4)	(30.8%)
Natural resources	282	1.5%	5	1.8%
Public safety and defense	827	4.6%	41	5.2%
Regulatory services	192	1.1%	41	27.2%
Social services	2,348	13.1%	171	7.9%
Transportation	237	1.3%	34	16.7%
Capital outlay	1,764	9.8%	642	57.2%
Debt service	267	1.5%	(202)	(43.1%)
Other Financing Uses:				
Transfers	6	0.0%	(1)	(14.3%)
Total expenditures and other financing uses	<u>\$ 17,961</u>	<u>100.0%</u>	<u>\$ 566</u>	<u>3.3%</u>
Governmental Funds - Net increase in fund balance	<u>\$ (1,026)</u>			

**Governmental Fund Revenues and Other
Financing Sources (GAAP Basis) – Fiscal Year 2016**



**Governmental Funds Expenditures and Other
Financing Uses (GAAP Basis) – Fiscal Year 2016**



Revenue Collections and Estimates

As noted in a preceding subsection, the budget is prepared using cash available plus 95 percent of the itemized revenue estimate as approved by the state Board of Equalization. It should be noted that taxes deposited into the budgetary General Revenue Fund, as defined by Oklahoma law, are approximately 75 percent of the total tax revenues of the governmental funds, as defined by GAAP. However, the budgetary General Revenue Fund should not be confused with the General Fund as presented in the accompanying GAAP-basis financial statements, as the two terms are not interchangeable. For example, the GAAP-basis General Fund includes revenues deposited to the state Transportation Fund, federal grant proceeds, revolving fund revenues, fees and charges as well as other money used in the general operations of government which are not considered in the Board of Equalization's estimates of tax revenues.

During 2015, the most recent data available, receipts from three of the five major taxes were less than revenues of the prior year. The taxes combined for \$5.0 billion, or 102.7 percent of total receipts for the same categories in the prior year. The total of major taxes collected increased \$37 million or 0.8 percent from that of the previous year. As compared to fiscal year 2014, collections from income taxes increased by \$130 million, or 5.6 percent; sales taxes increased by \$60 million, or 3.1 percent; motor vehicle taxes decreased \$34 million, or 14.7 percent; and gross production taxes on gas and oil decreased by \$120 million, or 36 percent.

Oklahoma has established an enviable record in recent years for its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing new revenue estimating procedures, collections have exceeded the estimate in 17 years and dipped below the estimate 13 years. The comparison of estimated revenues to actual collections for fiscal year 2015 is as follows:

Revenue Collections Compared to Itemized Estimate for Fiscal 2015 (expressed in millions)				
	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
Individual and Corporate				
Income tax	\$ 2,326.1	\$ 2,464.2	\$ 138.1	105.9%
Sales tax	2,134.1	2,019.7	(114.4)	94.6%
Motor vehicle tax	236.1	194.5	(41.6)	82.4%
Gross production tax	290.3	213.4	(76.9)	73.5%
Subtotal Major Taxes	4,986.6	4,891.8	(94.8)	98.1%
Other sources	758.5	834.7	76.2	110.0%
Total	\$ 5,745.1	\$ 5,726.5	\$ (18.6)	99.7%

The 15-year comparative history of estimated to actual collections is shown in the following table:

Budgetary General Revenue Fund Comparisons (expressed in millions)					
Fiscal Year	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected	
2001	\$ 4,456	\$ 4,693	\$ 237	105.3%	
2002	4,829	4,413	(416)	91.4%	
2003	4,725	4,186	(539)	88.6%	
2004	4,396	4,613	217	104.9%	
2005	4,545	4,957	412	109.1%	
2006	5,149	5,715	566	111.0%	
2007	5,708	5,966	258	104.5%	
2008	5,845	5,981	136	102.3%	
2009	5,981	5,544	(437)	92.7%	
2010	5,415	4,622	(793)	85.4%	
2011	4,889	5,138	249	105.1%	
2012	5,236	5,564	328	106.3%	
2013	5,601	5,604	3	100.1%	
2014	5,889	5,627	(262)	95.6%	
2015	5,745	5,727	(18)	99.7%	
Fifteen-Year Average	\$ 5,227	\$ 5,223	\$ (4)	99.9%	

The status of three important fund balances affecting the new year's fiscal picture is explained as follows:

Cash-Flow Committed Fund – Each year, 10 percent of the General Revenue Fund's certified appropriation level is set aside to meet anticipated monthly cash flow needs for the new fiscal year. At the close of fiscal year 2016, the amount the state set aside was \$336.1 million.

General Revenue Fund – In fiscal year 2016, there were amendments to the budget that added \$160.7 million. \$27.0 million was added to the budget for prior year carry-over compared to a \$53.6 million carry-over in fiscal year 2015. Carry-over funds reflect the difference between the 95 percent appropriation limit and actual receipts up to 100 percent of the estimate. Funds required to replenish or increase the cash-flow committed fund also come from this source. An additional \$47.1 million was added to fund a portion of the ad valorem reimbursement to schools. The Office of Management and Enterprise services was awarded an additional \$8.1 million to cover debt service payments for bonds associated with the project to restore the State Capitol Building. In addition, the Department of Education was given \$51.0 million and the Department of Correction was given \$27.6 million in supplementary funding.

Constitutional "Rainy Day" Fund - At the start of each fiscal year, collections that exceed the estimate for the preceding year are automatically deposited in the Rainy Day Fund until the total balance equals 15 percent of the prior year's certified collections for the General Revenue Fund. As a result of different triggers for making the funds available for use, any amounts deposited to the fund are split between unassigned and restricted fund balance. For the fiscal year beginning July 1, 2016, the restricted portion had a balance of \$77.6 million and the unassigned portion had a balance of \$25.9 million, giving the total Constitutional Fund a balance of \$103.5 million.

FOR THE FUTURE

State government will focus on critical issues to ensure Oklahoma capitalizes on its potential for growth. Sustained efforts in creating a business friendly environment are essential for creating a bright, strong future. In addition, the state will continue to improve the efficiency of government through consolidations of information technology and financial services.

Oklahoma's executive management will continue to lead in promoting these key areas to improve the lives of Oklahomans. With the governor's leadership, Oklahoma will invest in a high quality educational system where all students can succeed, advance the improved health of Oklahoma's citizens and encourage investors to allow their money to work and grow in Oklahoma, creating more jobs and higher incomes.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oklahoma for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

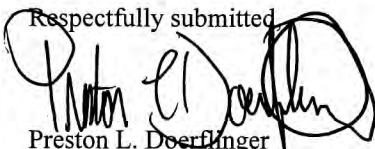
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Since 1996, the State of Oklahoma has received the Certificate of Achievement. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.


ACKNOWLEDGMENTS

The Office of Management and Enterprise Services is pleased to recognize and commend the efforts of the numerous individuals across the state that made this Comprehensive Annual Financial Report possible. Questions or requests for additional information related to this report can be directed to our office at 405-521-2141.

Respectfully submitted,



Preston L. Doerflinger
Director of State Finance and Revenue



Lynne Bajema
State Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of Oklahoma

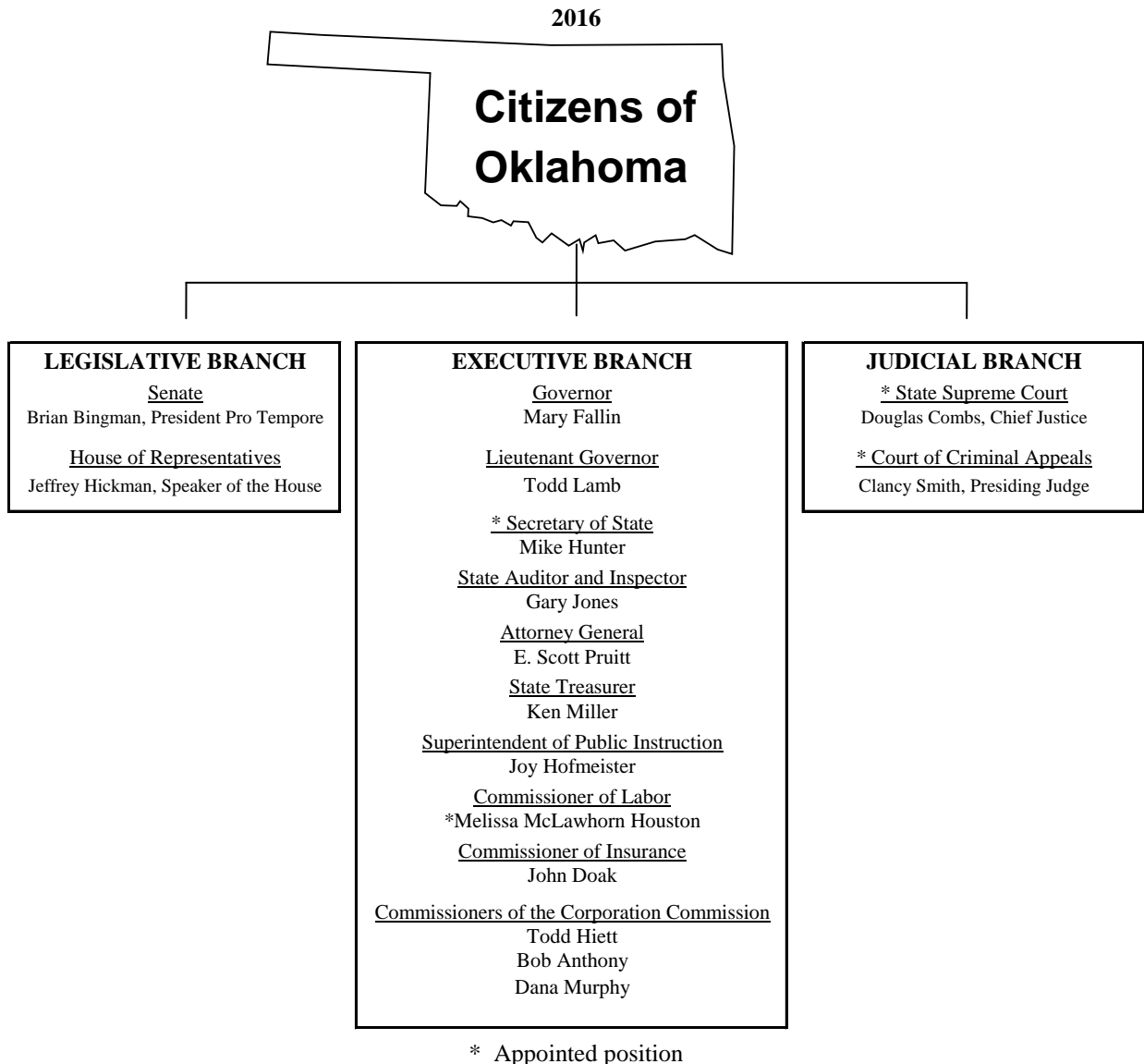
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

Selected Oklahoma State Officials



CABINET DEPARTMENT SECRETARIES

Agriculture	Finance, Administration, &	Science & Technology
Commerce & Tourism	Information Technology	Secretary of State & Native
Education & Workforce	Health & Human Services	American Affairs
Development	Military	Transportation
Energy & Environment	Safety & Security	Veterans Affairs

The cabinet secretaries are appointed by the governor with the approval of the Senate. Many of the secretaries are also heads of the executive branch agencies. State agencies are assigned to a cabinet department by the governor. The specific agency assignments to each cabinet are shown on the next page. Agency numbers are listed to the left of the agency name.

State Agencies by Cabinet

305	Office of the Governor	120	University of Central Oklahoma	805	Rehabilitation Services
440	Office of the Lieutenant Governor	760	University of Oklahoma	622	Social Workers Board, Bd. of Lic.
	<u>Agriculture</u>	765	University of Oklahoma - Tulsa	632	Speech-Lang. Pathology & Aud. Bd.
40	Agriculture, Department of	150	Univ. of Science and Arts of Okla.	092	Tobacco Settle. End. Trust Bd. of Dir.
39	Boll Weevil Eradication Org.	41	Western Oklahoma State College	753	Uniform Building Code Commission
645	Conservation Commission			825	University Hospitals Authority
790	Veterinary Medical Examiners Board		<u>Energy and Environment</u>		<u>Military</u>
353	Horse Racing Commission	185	Corporation Commission *	25	Military Department
	<u>Commerce and Tourism</u>	359	Energy Resources Board		<u>Safety and Security</u>
55	Arts Council	292	Dept. of Environmental Quality	30	ABLE Commission
160	Commerce, Department of	980	Grand River Dam Authority	49	Attorney General *
290	Employment Security Commission	307	Interstate Oil Comp. Com.	772	Chem. Tests for Alc/Drug Infl., Bd. of
350	Historical Society	445	LPG Board	477	Narcotics & Dang. Drugs, Bureau of
922	Housing Finance Authority	444	LPG Research, Marketing and Safety	309	Emergency Mgmt, Dept. of
370	Industrial Finance Authority	125	Mines, Department of	131	Corrections Department
204	J.M. Davis Memorial Commission	981	Municipal Power Authority	220	District Attorney's Council
405	Labor, Department of *	835	Water Resources Board	47	Indigent Defense System
620	Qtz Mtn. Arts/Conf. Cntr/Nat. Pk.	320	Wildlife Conservation, Dept. of	308	Investigation, Bureau of
568	Scenic Rivers Comm.		<u>Finance, Admin., and Info Tech.</u>	415	Law Enf. Educ. & Trng., Council on
566	Tourism & Recreation, Dept. of	22	Abstractor's Board	342	Medicolegal Investigations, Bd. of
880	Will Rogers Memorial Commission	20	Accountancy Board	306	Pardon and Parole Board
	<u>Education and Workforce Dev.</u>	300	Auditor & Inspector *	585	Public Safety, Department of
44	Anatomical Board	65	Banking Department	310	Fire Marshal, State
800	Career & Technology Education	582	Bond Advisor		<u>Science and Technology</u>
266	Educational TV Authority	91	Building Bonds Commission	628	Center f/t Adv. of Sci. & Technology
265	Education, Department of *	915	Capital Investment Board	346	Space Industry Development Auth.
275	Educ. Qual. & Account., Comm. For	170	Construction Industries Bd.		<u>Sec. of State and Native American Af</u>
619	Physicians Manpower Trng. Comm.	635	Consumer Credit, Comm. For	45	Architects, Board of Gov. of Licensed
563	Private Vocational School, Board of	900	Development Finance Authority	270	Election Board
605	Regents for Higher Education	315	Firefighters Pension & Retirement	296	Ethics Commission
629	School of Science & Mathematics	385	Insurance Department *	678	Judicial Complaints, Council on
618	Student Loan Authority	410	Land Office, Commissioners of the	430	Library Department
	<u>Colleges and Universities:</u>	416	Law Enforcement Retirement	391	Multiple Injury Trust Fund
100	Cameron University	435	Lottery Commission	361	Native American Cultural/Ed. Auth
108	Carl Albert State College	90	Office of Mgmt & Enterprise Services	570	Prof. Engin. & Land Surveyors Bd.
165	Connors State College	298	Merit Protection Commission	588	Real Estate Commission
230	East Central University	475	Motor Vehicle Commission	625	Secretary of State
240	Eastern Oklahoma State College	557	Police Pension & Retirement System	675	Self-Insurance Guarantee Board
420	Langston University	515	Public Employees' Retirement System	369	Workers' Compensation Court
470	Murray State College	630	Securities Commission		<u>Transportation</u>
480	Northeastern Okla. A & M College	695	Tax Commission	060	Aeronautics Commission
485	Northeastern State University	715	Teachers' Retirement System	978	Okla. Turnpike Authority
490	Northern Oklahoma College	740	Treasurer *	345	Transportation, Department of
505	Northwestern Oklahoma State Univ.	755	Used Motor Vehicle & Parts		<u>Veterans Affairs</u>
530	Oklahoma Panhandle State Univ.		<u>Health and Human Services</u>	650	Veterans Affairs, Department of
10	Oklahoma State University	448	Alcohol and Drug Coun., Bd. of Lic.		
761	Oklahoma University Law Center	148	Behavioral Health Lic., Board of		
633	Oklahoma City Community College	127	Children & Youth, Commission		
770	Okla. University Health Science Ctr.	145	Chiropractic Examiners Board		
773	OSU -College of Osteopathic Medicine	783	Community Hospitals Authority		
14	OSU -College of Veterinary Medicine	190	Cosmetology and Barbering Board		
11	OSU -Experiment Station	215	Dentistry, Board of		
12	OSU -Extension Division	285	Funeral Board		
13	OSU -School of Tech. Training	326	Disability Concerns, Office of		
15	OSU -Technical Institute of OKC	807	Health Care Authority		
16	OSU -Tulsa	340	Health, Department of		
771	OU Health Sci. Ctr. Prof. Prac. Plan	830	Human Services, Department of		
241	Redlands Community College	670	J.D. McCarty Center		
610	Regional University System of Ok	400	Juvenile Affairs, Office of		
461	Rogers State University	450	Medical Licensure & Supv., Bd. of		
531	Rose State College	452	Mental Health and Sub. Abuse Svc.		
606	University Center Of Southern Ok	510	Nursing Board		
623	Seminole State College	509	Long-Term Care Admin., Bd. of Exam.		
660	Southeastern Oklahoma State Univ.	775	Oklahoma State Univ. Medical Auth.		
665	Southwestern Oklahoma State Univ.	520	Optometry Board		
750	Tulsa Community College	525	Osteopathic Examiners Board		
758	University Center at Ponca City	343	Perfusionists, State Bd. of Examiners		
		560	Pharmacy Board		
		140	Podiatric Medical Examiners, Bd. Of		
		575	Psychologists, Bd. of Examiners		

* Agency is headed by a statewide elected official or their controlling board is made up of elected officials. They are assigned to a cabinet department for purposes of coordinating services and programs only.



In 1929, zinc and lead-mining millionaire, George L. Coleman, built the Coleman Theatre in an attempt to bring culture to Miami. Built in a Spanish Revival style, the classic theater soon attracted hundreds of patrons to vaudeville shows and the popular big screen movies of the past. The theater once played host to the likes of Will Rogers, Tom Mix and the Three Stooges.





Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

INDEPENDENT AUDITOR'S REPORT

TO THE GOVERNOR AND MEMBERS OF THE LEGISLATURE OF THE STATE OF OKLAHOMA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

- the financial statements of the Water Resources Board which represent forty-nine percent of the assets, thirty-two percent of the net position and four percent of the revenues of the enterprise funds;
- the financial statements of the Oklahoma Student Loan Authority, Oklahoma Municipal Power Authority, University of Oklahoma, University of Oklahoma – Health Sciences Center, Oklahoma State University – Foundation, Grand River Dam Authority, Oklahoma State University, Oklahoma Turnpike Authority, University of Oklahoma – Foundation, Oklahoma Housing Finance Authority, and the Regents for Higher Education, which in the aggregate represent eighty-two percent of the assets, eighty-nine percent of the net position and eighty-two percent of the revenues for the aggregate discretely presented component units;
- the financial statements of the Commissioners of the Land Office permanent fund, and the Tobacco Settlement Endowment permanent fund, which in the aggregate represent ninety-eight percent of the assets, ninety-seven percent of the fund balance and ninety-nine percent of the revenues of the permanent funds;
- the financial statements of the Oklahoma Public Employees Retirement System, the Oklahoma Teachers Retirement System, and the Oklahoma Firefighters Pension and Retirement System which in the aggregate represent eighty-seven percent of the assets, eighty-eight percent of the net position and ninety-two percent of the additions of the aggregate remaining fund information;
- the financial statements of the Insurance Department, Department of Wildlife, Department of Commerce, and Oklahoma Capital Improvement Authority which in the aggregate represent seventeen percent of the assets, twenty-four percent of the net position and two percent of the revenues of the general fund.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the Multiple Injury Trust Fund (MITF) had a net deficit or negative net position of approximately \$397,280,000 at December 31, 2015 primarily due to court awards exceeding the apportionment of special tax revenue collected.

As discussed in Note 1, the State of Oklahoma has adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 & 68*; and GASB Statement No 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* effective July 1, 2015.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule-Budget to Actual (Non-GAAP Budgetary Basis) General Fund, the Notes to Required Supplementary Information-Budgetary Reporting, and the Pension Data Required by GASB 68 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

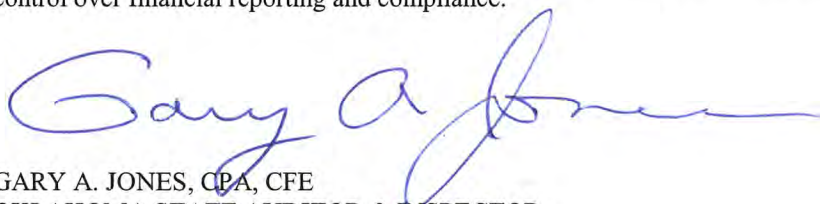
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Oklahoma's basic financial statements. The introductory section, combining financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the State of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Oklahoma's internal control over financial reporting and compliance.



GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

December 21, 2016

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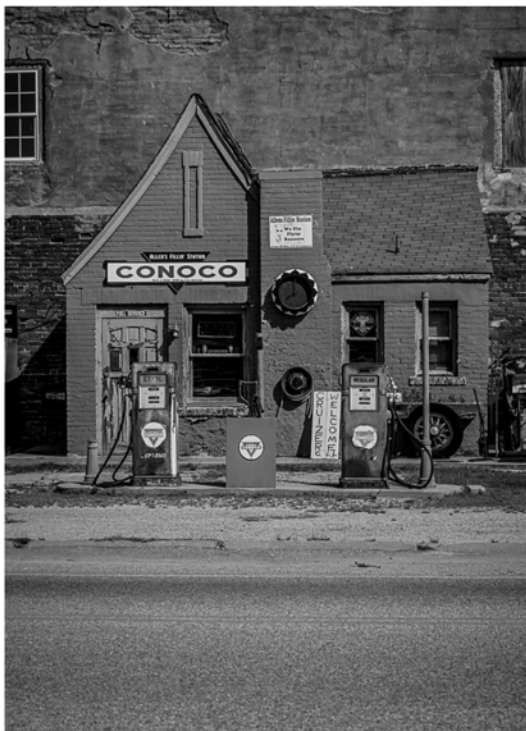
Management Discussion & Analysis



Rock Cafe in Stroud, OK.



Ed Galloway's Totem Pole Park in Foyil, OK.



Allen's Filling Station in Commerce, OK.



Blue Whale in Catoosa, OK.

Management Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Oklahoma provides this *Management's Discussion and Analysis* of the State of Oklahoma's Comprehensive Annual Financial Report (CAFR) for readers of the state's financial statements. This narrative overview and analysis of the financial activities of the State of Oklahoma is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Letter of Transmittal, which can be found preceding this narrative, and with the state's financial statements which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights:

Net Position - The assets plus deferred outflows of resources of the state exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2016 by \$18.0 billion (presented as "net position"). Of this amount, \$1.5 billion was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the state's ongoing obligations to citizens and creditors.

Changes in Net Position - The state's total net position decreased by \$669.7 million (a 3.6% decrease) in fiscal year 2016 after a 7.6% increase during the previous fiscal year. Net position of governmental activities decreased by \$486.1 million (a 3.1% decrease), while net position of the business-type activities showed a decrease of \$183.6 million (a 8.4% decrease).

Fund Highlights:

Governmental Funds - Fund Balances - As of the close of fiscal year 2016, the state's governmental funds reported a combined ending fund balance of \$6.3 billion, a decrease of \$1.0 billion in comparison with the prior year. Of this total amount, \$3.3 billion represents nonspendable fund balance, with \$80.3 million being in the General Fund. Amounts that can be spent include \$820.9 million of restricted fund balance, \$2.1 billion of committed fund balance, \$77.9 million of assigned fund balance, and \$25.9 million of unassigned fund balance. The portion of fund balance which is available is roughly 16.6% of the total governmental expenditures for the year.

Long-term Debt:

The state's total long-term debt obligations showed a net increase of \$77.5 million (4.2%) in the governmental type activities and a net increase of \$87.1 million (11.0%) in the business type activities during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Oklahoma's Basic Financial Statements. The state's Basic Financial Statements include three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains additional Required Supplementary Information (budgetary schedules) and Other Supplementary Information (Combining Financial Statements) in addition to the Basic Financial Statements themselves. These components are described below:

Basic Financial Statements

The Basic Financial Statements include two kinds of financial statements that present different views of the state – the *Government-Wide Financial Statements* and the *Fund Financial Statements and Combining Major Component Unit Financial Statements*. These financial statements also include the *Notes to the Financial Statements* that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* provide a broad view of the state's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the state's financial position, which assists in assessing the state's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-Wide Financial Statements include two statements:

The *Statement of Net Position* presents all of the government's assets and liabilities in addition to deferred inflows and outflows, with the difference between the four reported as "net position". Over time, increases or decreases in the state's net position may serve as a useful indicator of whether the financial position of the state is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the state.

Both of the above financial statements have separate sections for three different types of state programs or activities. These three types of activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with state government fall into this category, including education (support for both common public schools and higher education), government administration, health services, legal and judiciary services, museums, natural resources, public safety and defense, regulatory services, social services, and transportation.

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the state include the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission), the state's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board), administering the insurance benefits for state employees and education workers (by the Employees Group Insurance Department of the Office of Management and Enterprise Services), and the Oklahoma Lottery Commission. These four programs operate with minimal assistance from the governmental activities of the state.

Discretely Presented Component Units – These are operations that have certain independent qualities but for which the state has financial accountability. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. The state's discretely presented component units are presented in two categories, major and nonmajor. This separation is determined by the relative size of the entities' assets, liabilities, revenues and expenses in relation to the total of all component units.

The state's six discretely presented major component units are:

- Oklahoma Student Loan Authority
- Oklahoma Housing Finance Agency
- Oklahoma Turnpike Authority
- Grand River Dam Authority
- Oklahoma Municipal Power Authority
- Higher Education Component Unit

The state's seven other (or nonmajor) component units are combined into a single column for reporting in the Fund Financial Statements. These nonmajor component units are:

- Oklahoma Educational Television Authority
- Oklahoma Industrial Finance Authority
- Multiple Injury Trust Fund
- University Hospitals Authority
- Oklahoma Development Finance Authority
- Oklahoma Capital Investment Board
- Oklahoma State University Medical Authority

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the state's component units are presented in the Notes to the Financial Statements.

The Government-Wide Financial Statements can be found immediately following this discussion and analysis.

Fund Financial Statements and Major Component Unit Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The state, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements focus on individual parts of the state government, reporting the state's operations in more detail than the Government-Wide Financial Statements. All of the funds of the state can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds are:

Governmental Funds Financial Statements – Most of the basic services provided by the state are financed through governmental funds. Governmental funds are essentially used to account for the same functions as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, the Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This is known as using the flow of current financial resources measurement focus approach and the modified accrual basis of accounting. These statements provide a detailed short-term view of the state's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the state.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances both provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each Governmental Fund Financial Statement.

The state has four governmental funds. All four governmental funds are considered major funds for financial reporting purposes. These four major funds are – the General Fund, the Commissioners of the Land Office Permanent Fund, the Department of Wildlife Conservation Permanent Fund, and the Tobacco Settlement Endowment Permanent Fund. Each major fund is presented in a separate column in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances.

The basic Governmental Funds Financial Statements can be found immediately following the Government-Wide Financial Statements.

Proprietary Funds Financial Statements – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the

Government-Wide Financial Statements, only in more detail. Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. There is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements.

The state has four enterprise funds, with all four being considered major proprietary funds for presentation purposes. As previously mentioned, they are the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission), the state's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board), the administration of insurance benefits for state employees by the Employees Group Insurance Department (EGID) of the Office of Management and Enterprise Services, and the Oklahoma Lottery Commission.

The basic Proprietary Funds Financial Statements can be found immediately following the Governmental Fund Financial Statements.

Fiduciary Funds and Similar Component Units Financial Statements – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of these funds are not available to support the state's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the accrual basis of accounting.

The state's fiduciary funds are the Pension Trust Funds (seven separate retirement plans for employees), and the Agency Funds (which account for the assets held for distribution by the state as an agent for other governmental units, other organizations or individuals). Individual fund detail can be found in the Combining Financial Statements described below.

The basic Fiduciary Funds and Similar Component Units' Financial Statements can be found immediately following the Proprietary Fund Financial Statements.

Component Units Financial Statements – As mentioned above, these are operations for which the state has financial accountability but they have certain independent qualities as well, and they operate similar to private-sector businesses. The Government-Wide Financial Statements present information for the component units in a single column of the Statement of Net Position. Also, some information on the Statement of Activities is aggregated for component units. The Combining Statement of Net Position and Combining Statement of Activities provide detail for each major component unit and the nonmajor component units in aggregate. Individual nonmajor component unit detail can be found in the Combining Financial Statements described below.

The basic Combining Financial Statements for major component units can be found immediately following the Fiduciary Fund and Similar Component Unit's Financial Statements.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to the Financial Statements can be found immediately following Component Units Financial Statements.

Required Supplementary Information and Budget Schedule

The Basic Financial Statements are followed by a section of Required Supplementary Information. This section includes the Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Budgetary Basis), which includes a schedule of reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the Governmental Fund Financial Statements.

Combining Financial Statements

The Combining Financial Statements referred to earlier in connection with fiduciary funds and nonmajor component units are presented following the Required Supplementary Information. The total of the columns of these Combining Financial Statements carry to the applicable fund financial statement.

Budgetary Detail

The Schedule of Expenditures and Intra-Agency Transfers – Detail Budget to Actual Comparison is presented in this section. It provides detail comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget, and actual.

Pension Detail

With the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, certain information related to Net Pension Liability and funding of pension plans is reported in the Required Supplementary Information section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The state's combined net position (government and business-type activities) totaled \$18.0 billion at the end of 2016, compared to \$18.7 billion at the end of the previous year.

The largest portion of the state's net position (60.5%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related outstanding debt used to acquire those assets. The state uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the state's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

State of Oklahoma's Net Position-Primary Government						
(expressed in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 4,191,756	\$ 4,848,088	\$ 1,874,991	\$ 1,989,711	\$ 6,066,747	\$ 6,837,799
Capital Assets	11,598,475	11,223,495	2,856	1,914	11,601,331	11,225,409
Other Assets	3,848,026	3,924,736	1,225,640	1,221,661	5,073,666	5,146,397
Total Assets	19,638,257	19,996,319	3,103,487	3,213,286	22,741,744	23,209,605
Deferred Outflows	343,098	249,026	2,177	839	345,275	249,865
Noncurrent Liabilities	1,672,657	1,683,944	716,865	747,518	2,389,522	2,431,462
Other Liabilities	1,892,937	1,513,275	383,453	276,265	2,276,390	1,789,540
Total Liabilities	3,565,594	3,197,219	1,100,318	1,023,783	4,665,912	4,221,002
Deferred Inflows	431,105	577,402	5,704	7,099	436,809	584,501
Invested in Capital Assets, Net of Related Debt	10,865,784	10,377,616	2,856	1,914	10,868,640	10,379,530
Restricted	4,140,040	4,930,515	1,468,588	1,598,696	5,608,628	6,529,211
Unrestricted	978,832	1,162,593	528,198	582,633	1,507,030	1,745,226
Total Net Position	\$ 15,984,656	\$ 16,470,724	\$ 1,999,642	\$ 2,183,243	\$ 17,984,298	\$ 18,653,967

A portion of the state's net position (31.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the state's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

At the end of the current fiscal year, the state is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

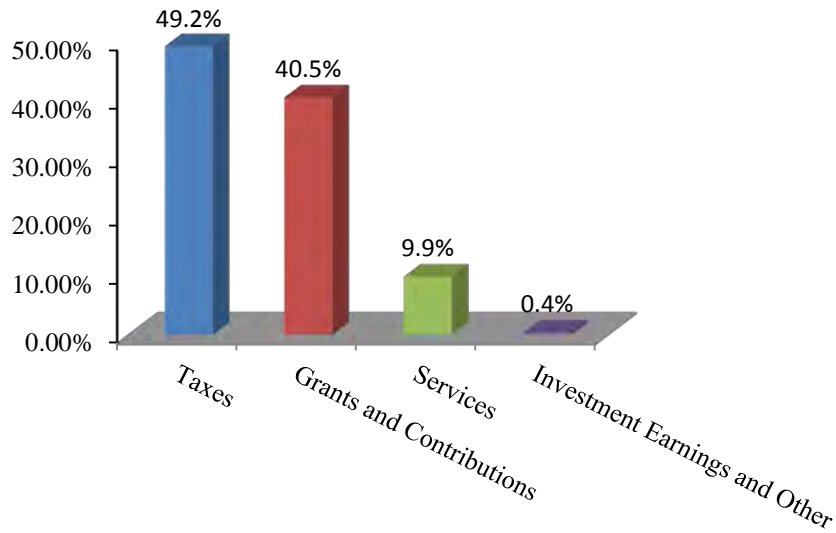
Changes in Net Position

The state's governmental net position decreased by \$669.7 million, or 3.6%. Approximately 49% of the state's total revenue came from taxes, while 41% resulted from grants and contributions (including federal aid). Charges for various goods and services provided 10% of the total revenues. The state's expenses cover a range of services. The largest expenses were for health services, general education, and social services. In 2016, governmental activity expenses exceeded program revenues, resulting in the use of \$9.0 billion in general revenues (mostly taxes). The business-type activities' expenses exceeded program revenues for 2016 by \$104.6 million.

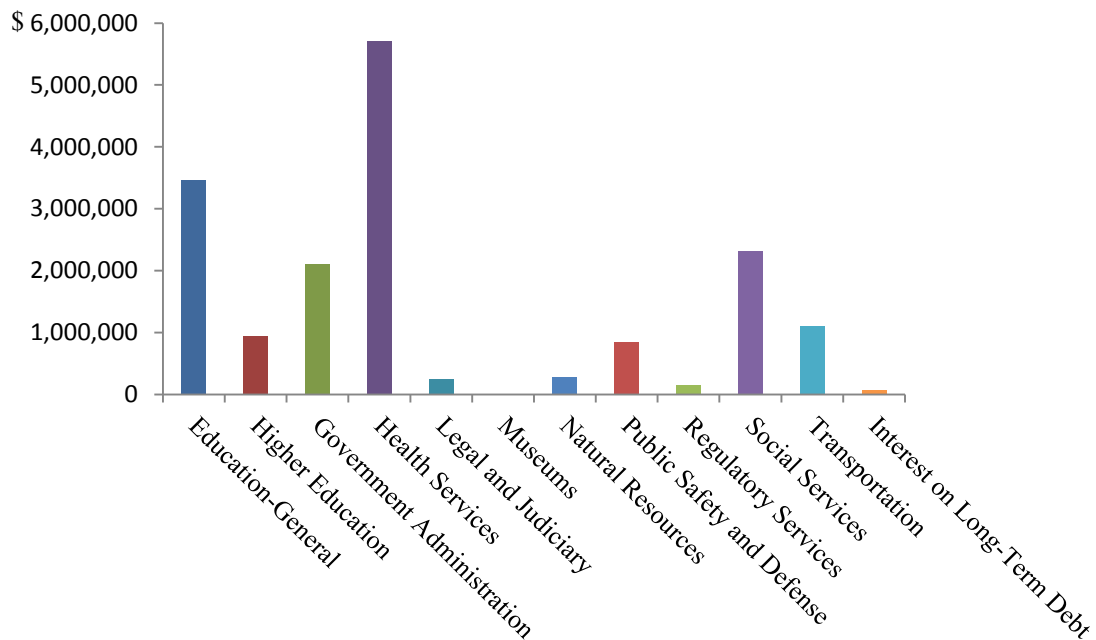
State of Oklahoma's Changes in Net Position-Primary Government

	(expressed in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,652,851	\$ 1,746,665	\$ 1,490,046	\$ 1,495,288	\$ 3,142,897	\$ 3,241,953
Operating Grants and Contributions	6,785,553	6,744,975	8,302	10,935	6,793,855	6,755,910
General Revenues:						
Income Taxes-Individual	2,932,254	3,003,481	-	-	2,932,254	3,003,481
Income Taxes-Corporate	369,559	357,681	-	-	369,559	357,681
Sales Taxes	2,481,557	2,553,855	-	-	2,481,557	2,553,855
Gross Production Taxes	319,071	578,464	-	-	319,071	578,464
Motor Vehicle Taxes	762,861	772,690	-	-	762,861	772,690
Fuel Taxes	424,275	424,560	-	-	424,275	424,560
Other Taxes	952,440	979,303	-	-	952,440	979,303
Investment Earnings	60,792	60,007	-	-	60,792	60,007
Capital Lease and COPs	-	(451)	-	-	-	(451)
Total Revenues	16,741,213	17,221,230	1,498,348	1,506,223	18,239,561	18,727,453
Expenses:						
Education-General	3,435,184	3,426,468	-	-	3,435,184	3,426,468
Education-Payments to Higher Education	942,707	1,030,060	-	-	942,707	1,030,060
Government Administration	2,114,501	1,177,122	-	-	2,114,501	1,177,122
Health Services	5,710,985	5,659,888	-	-	5,710,985	5,659,888
Legal and Judiciary	262,081	208,373	-	-	262,081	208,373
Museums	12,502	18,123	-	-	12,502	18,123
Natural Resources	290,366	288,988	-	-	290,366	288,988
Public Safety and Defense	859,395	863,781	-	-	859,395	863,781
Regulatory Services	193,245	153,511	-	-	193,245	153,511
Social Services	2,356,625	2,198,093	-	-	2,356,625	2,198,093
Transportation	1,109,349	1,086,162	-	-	1,109,349	1,086,162
Interest on Long-Term Debt	78,130	58,330	-	-	78,130	58,330
Unemployment Insurance Trust Fund	-	-	395,192	281,058	395,192	281,058
State Loan Program to Local Governments	-	-	34,673	32,641	34,673	32,641
Group Insurance Program	-	-	1,051,966	1,026,875	1,051,966	1,026,875
Lottery Commission	-	-	121,139	112,624	121,139	112,624
Total Expenses	17,365,070	16,168,899	1,602,970	1,453,198	18,968,040	17,622,097
Increase (Decrease) in Net Position Before Transfers and Contribution to Permanent Funds	(623,857)	1,052,331	(104,622)	53,025	(728,479)	1,105,356
Contribution to Permanent Funds	58,810	59,287	-	-	58,810	59,287
Transfers	78,979	76,211	(78,979)	(76,211)	-	-
Change in Net Position	(486,068)	1,187,829	(183,601)	(23,186)	(669,669)	1,164,643
Net Position, Beginning of Year	16,624,257	16,230,839	2,186,198	2,211,206	18,810,455	18,442,045
Adjustments to Beginning Net Position	(153,533)	(947,944)	(2,955)	(4,777)	(156,488)	(952,721)
Net Position, End of Year	\$ 15,984,656	\$ 16,470,724	\$ 1,999,642	\$ 2,183,243	\$ 17,984,298	\$ 18,653,967

**Revenues – Governmental Activities
Fiscal Year 2016**



**Expenses – Governmental Activities
Fiscal Year 2016**



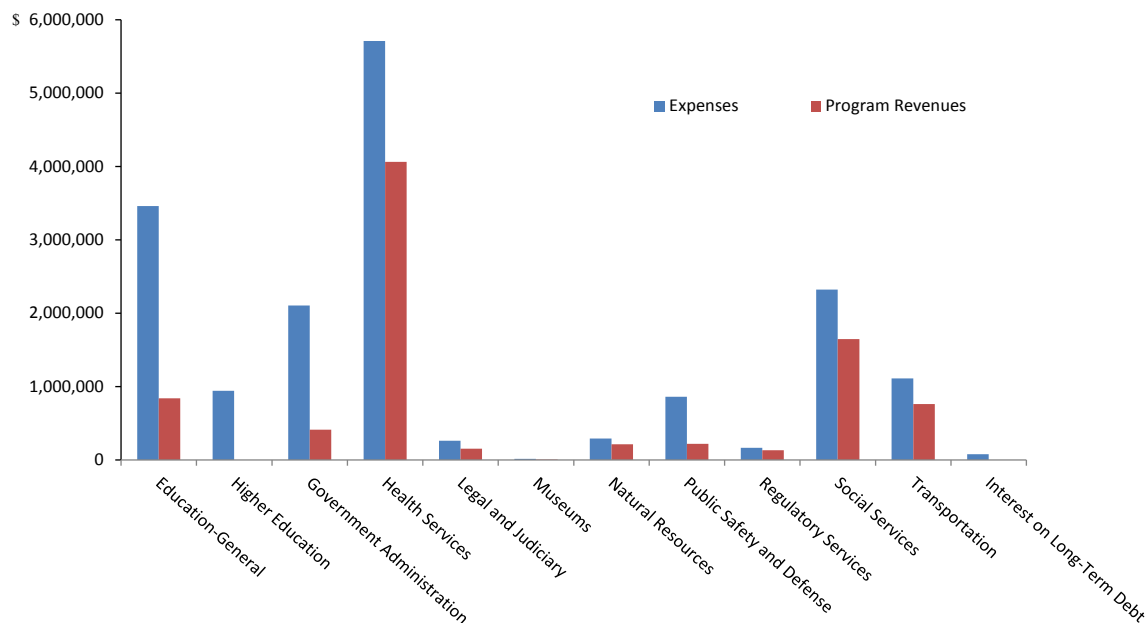
Governmental Activities

Governmental activities decreased the state's net position by \$486.1 million. Tax revenues were down in four of the five major types. Total revenues for governmental activities were down by \$480.0 million, or 2.8%, in 2016. The state showed a \$71.2 million decrease in individual income taxes, a \$72.3 million decrease in sales taxes, a \$9.8 million decrease in motor vehicle taxes, a \$11.9 million increase in corporate income taxes, and a \$259.4 million decrease in gross production taxes during 2016. Additionally, there was a \$40.6 million increase in Federal Grant revenue.

A comparison of the cost of services by function for the state's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities (expressed in thousands):

		Governmental Activities
Expenses Net of Program Revenues:		
Education-General	\$	(2,596,526)
Education-Payment to Higher Education		(942,707)
Government Administration		(1,702,766)
Health Services		(1,651,162)
Legal and Judiciary		(108,016)
Museums		(8,668)
Natural Resources		(76,479)
Public Safety and Defense		(641,118)
Regulatory Services		(62,040)
Social Services		(709,823)
Transportation		(349,231)
Interest on Long-Term Debt		(78,130)
Total Governmental Activities Expenses		(8,926,666)
General Revenues:		
Taxes		8,242,017
Investment Earnings		60,792
Contributions to Permanent Funds		58,810
Transfers		78,979
Decrease in Governmental Activities Net Position	\$	<u>(486,068)</u>

Expenses and Program Revenues – Governmental Activities
Fiscal Year 2016
(expressed in thousands)



Business-Type Activities

The business-type activities decreased the state's net position by \$183.6 million, an 8.4% decrease, to \$2.0 billion. This decrease comes after a decrease of 0.9% in the prior year. The decrease primarily resulted from The Oklahoma Unemployment Insurance Trust Fund's (OUITF) increase in benefit payments of \$110.5 million and an \$85.9 million increase in incurred claims by Employee's Group Insurance Department of the Office of Management and Enterprise Services (EGID). The OUITF net position decreased by \$151.6 million, the Oklahoma Water Resources Board's (OWRB) net position increased by \$32.7 million, the Employees Group Insurance Department of the Office of Management and Enterprise Services net position decreased \$67.2 million, and the Oklahoma Lottery Commission had an increase in net position of \$2.5 million.

FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the state uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the state's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the state's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the state's governmental funds reported combined ending fund balances of \$6.3 billion, a decrease of \$1.0 billion from the prior year. The largest portion \$3.3 billion (52.5%) of this total amount constitutes nonspendable fund balance, which includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. In addition \$820.9 million (13.1%) of fund balance is classified as restricted meaning that the funds can only be used for specific purposes defined by enabling legislation or externally imposed limitations. Amounts that can only be used for specific purposes pursuant to constraints of the government's highest level of decision-making authority are reported as committed fund balance. Committed fund balance represents \$2.1 billion (32.8%) of total fund balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed are reported as assigned fund balance. Assigned fund balance represents \$77.9 million (1.2%) of total fund balance. The remaining funds that are not classified in any of the other four categories represent unassigned fund balance. For the fiscal year ended June 30, 2016 the state has \$25.9 million (0.4%) classified as unassigned fund balance.

The General Fund is the chief operating fund of the state. At the end of the current fiscal year, the total fund balance decreased \$991.9 million to \$2.9 billion. This 33.6% decrease from the prior year is primarily due to reduced revenue collections.

As a measure of the General Fund's liquidity, it may be useful to compare the portion of fund balance not classified as nonspendable (spendable) and total fund balance to total fund expenditures. Spendable fund balance represents 16.2% of total General Fund expenditures, while total fund balance represents 16.6% of that same amount.

The Commissioners of the Land Office manages land and cash set aside by the Federal Government for the use and benefit of public education in Oklahoma to generate maximum earnings for Trust beneficiaries. The Trust beneficiaries are common education and thirteen Oklahoma colleges and universities. This year total program revenues were \$87.6 million compared to \$127.6 million for the prior year. Distributions to beneficiaries totaled \$132.3 million for fiscal year 2016 with \$31.6 million disbursed to universities and colleges and \$95.4 million disbursed to public schools, and \$5.3 million disbursed for public buildings. This was a decrease of \$24 million from the apportionments of fiscal year 2015.

The Department of Wildlife's Lifetime Licenses' fund balance increased by 2.7% to \$83.6 million. This increase occurred due to collections for licenses.

The Tobacco Settlement Endowment Permanent Fund holds certain moneys that are received in settlement of claims by the state against tobacco manufacturers. Earnings from these moneys are to be utilized for research, education, prevention

and treatment of tobacco related diseases and certain other health programs. This fund reported a \$21.8 million net increase in fund balance with \$56.1 million coming in from the settlement payment by tobacco manufacturers for 2016. The prior year's payment was about \$59.3 million. The state now has \$1.0 billion in the permanent fund.

Proprietary Funds

The state's Proprietary Fund Financial Statements provide the same type of information found in the Government-Wide Financial Statements for business-type activities. This information is presented on the same basis of accounting, but provides more detail.

As discussed in the business-type activities section above, the state's net position decreased by \$183.6 million as a result of operations in the proprietary funds. This resulted from a \$151.6 million decrease in net position by the Oklahoma Unemployment Insurance Trust Fund (OUITF), an increase in net position of \$32.7 million by the Oklahoma Water Resources Board's (OWRB) program for making loans to local government units for drinking and waste water facilities, a decrease in net position of \$67.2 million by the Employees Group Insurance Department of the Office of Management and Enterprise Services (EGID) for insurance benefit administration, and an increase in net position of \$2.5 million by the Oklahoma Lottery Commission.

The OUITF decreased in net position primarily as a result of an increase in benefit payments of \$110.5 million.

The OWRB increased net position by \$32.7 million which was \$8.2 million more than the \$24.5 million in the prior year.

The EGID decreased net position by \$67.2 million. This was primarily due to an \$85.9 million increase in incurred claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original budget and the final amended budget amounted to \$160.7 million with \$27.0 million (16.8%) coming from budget carryovers from fiscal year 2015. To reimburse school districts for ad valorem tax shortfalls related to state property, the Department of Education was transferred \$47.1 million (29.3%). For debt services related to repairs to the Capitol Building, the Office of Management and Enterprise Services was granted an additional \$8.1 (5.0%) in funds. The remaining \$78.6 million (48.9%) was attributable to supplemental appropriations to the Department of Education (\$51.0) and Department of Corrections (\$27.6).

The difference between the final budget and the actual collections amounted to \$146.6 million less than the budget. Due to economic factors related to the economic downturn suffered by the state, this variance was not unexpected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The state's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$22.6 billion, net of accumulated depreciation of \$11.0 billion, leaving a net book value of \$11.6 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the state's investment in capital assets for the current fiscal year was about 3.3% in terms of net book value. Actual expenditures to purchase or construct assets that are capitalized were \$948.1 million for the year, a \$107.5 million (12.8%) increase from the prior year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled \$537.1 million. Additional information on the state's capital assets can be found in Note 5 of the Notes to the Financial Statements of this report.

Debt Administration

The authority of the state to incur debt is described in Article X, Section 25, of the Oklahoma Constitution. In 1987, the state created the Council of Bond Oversight. The Council meets to review all proposed debt issuances. The Council must

approve each financing plan before obligations are issued. The legislation that created the Council of Bond Oversight also created the position of State Bond Advisor, who advises the Council and must approve the pricing and fees associated with any debt issuance.

General obligation bonds are backed by the full faith and credit of the state, including the state's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. The general obligation bonds of the state are rated "Aa2" by Moody's Investors Service, "AA+" by Fitch Investors Service, and "AA+" by Standard & Poor's Corp. Before a 1993 general obligation bond program, except for refunding bonds, the state last issued general obligation bonds in 1968. Certain maturities of those bonds were advance refunded in 1977, 2003, 2011 and again in 2013.

The State of Oklahoma's total debt increased by \$77.5 million, or 4.2%, during the current fiscal year. Business-type activities' debt increased by \$87.1 thousand.

Additional information on the state's long-term debt obligations can be found in Notes 9, 10, and 11 of the Notes to the Financial Statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Oklahoma unemployment rate was consistently lower than that for the nation between 1997 and 2015. However, the national unemployment rate is currently 4.9% while Oklahoma's has surpassed that at 5.2% for the same time period.

Inflationary trends in the region continue to compare favorably to national indices.

These factors are considered by legislative leaders and management in preparing the state's budget for future years. (See below.)

Budget and Revenue Collections

The State Constitution requires adoption of a balanced budget. The revenue certification provided by the State Board of Equalization is the basis for development of the state's General Revenue Fund (GRF) budget. The GRF is a budgetary cash account included in the state's General Fund.

If new laws or changes in existing laws are passed that affect revenues, the Equalization Board meets to certify the effects of these changes on the official estimate. Appropriations in any fiscal year may not exceed 95% of the official revenue estimate (plus any cash funds on-hand and available for appropriation).

If collections to a certified cash account are insufficient to cover the appropriations from that account, the Constitution requires that appropriations be reduced proportionately to all agencies receiving an appropriation from that source. The Office of Management and Enterprise Services has the statutory duty to monitor revenue collections and, if warranted, to make reductions in appropriations to prevent deficit spending.

The Legislature may, in regular or special session, make selective reductions in spending or consider revenue increases.

Fiscal Year 2017

Total General Revenue Fund collections through the first four months of fiscal year 2017 were \$1.6 billion, which is \$30.5 million, or 1.8 percent, below the estimate and \$154.3 million, or 8.7 percent, below prior year collections. At this time last year, receipts were 2.8 percent below the estimate for the first four months of fiscal year 2016.

"While we're not in as bad of shape as we were at this time last year, there are still some troubling trends, such as oil prices remaining low and sales tax collections continuing to be down," said Secretary of Finance, Administration and Information Technology Preston L. Doerflinger. "While it's not time to jump to conclusions, we do want to be ready to tackle the challenges ahead."

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Oklahoma's finances for all of Oklahoma's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the state's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of Oklahoma, Office of Management and Enterprise Services, 5005 N. Lincoln, Suite 100, Oklahoma City, OK 73105 or servicedesk@omes.ok.gov.



Gateway to Tulsa's portion of Route 66 - Crystal City Shopping Center in Tulsa, OK.

Basic Financial Statements



The Golden Driller in Tulsa, OK. At 76 feet tall and weighing 43,500 pounds, The Golden Driller is the largest free-standing statue in the world. The plaque at his base dedicates him "to the men of the petroleum industry who by their vision and daring have created from God's abundance a better life for mankind."

Government-Wide Financial Statements

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State of Oklahoma
Government-Wide Statement of Net Position
June 30, 2016
(expressed in thousands)

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
Assets				
Current Assets				
Cash/Cash Equivalents	\$ 3,015,227	\$ 1,274,782	\$ 4,290,009	\$ 1,496,009
Investments	54,078	353,817	407,895	1,244,320
Securities Lending Investments	122,292	0	122,292	0
Accounts Receivable	48,867	43,292	92,159	577,067
Interest and Investment Revenue Receivable	17,411	16,240	33,651	14,070
Federal Grants Receivable	514,627	551	515,178	12,877
Taxes Receivable	252,210	64,890	317,100	0
Leases Receivable	5,023	0	5,023	0
Leases Receivable - Component Units	40,592	0	40,592	0
Other Receivables	65	0	65	65,152
Notes Receivable	0	104,967	104,967	6,568
Internal Balances	8,866	(8,866)	0	0
Receivable from External Parties	8	0	8	0
Due from Component Units	17,512	0	17,512	5,901
Due from Primary Government	0	0	0	110,522
Inventory	76,362	0	76,362	130,735
Prepaid Items	1,056	0	1,056	16,711
Other Current Assets	17,560	25,318	42,878	51,529
Total Current Assets	4,191,756	1,874,991	6,066,747	3,731,461
Noncurrent Assets				
Cash/Cash Equivalents, Restricted	86,477	110,623	197,100	757,339
Short Term Investments, Restricted	3,207,608	0	3,207,608	2,236,320
Long Term Investments	0	6,039	6,039	1,710,231
Long Term Investments, Restricted	0	65,234	65,234	0
Leases Receivable	15,687	0	15,687	0
Leases Receivables Component Units	426,600	0	426,600	0
Long-Term Notes Receivable, Net	0	1,039,129	1,039,129	114,457
Long-Term Notes Receivable, Net - Restricted	0	0	0	322,807
Net Pension Asset	34,896	0	34,896	0
Long-Term Due from Comp Units	52,911	0	52,911	0
Capital Assets-Depreciable, Net	9,632,237	2,856	9,635,093	7,142,309
Capital Assets-Land	1,772,954	0	1,772,954	412,836
Capital Assets-Construction in Progress	193,284	0	193,284	965,700
Other Noncurrent Assets	0	4,615	4,615	297,882
Other Noncurrent Assets-Restricted	23,847	0	23,847	1,652
Total Noncurrent Assets	15,446,501	1,228,496	16,674,997	13,961,533
Total Assets	19,638,257	3,103,487	22,741,744	17,692,994
Deferred Outflows				
Deferred Outflows from Pensions	340,886	2,177	343,063	257,515
Unamortized Loss on Bond Refundings	2,212	0	2,212	0
Lease Restructuring	0	0	0	1,574
Advance Refunding of Bonds	0	0	0	85,017
Defeasance of Bonds	0	0	0	6,022
Accumulated Decrease in Fair Value of Derivatives	0	0	0	70,825
Total Deferred Outflows	343,098	2,177	345,275	420,953

The Notes to the Financial Statements are an integral part of this statement.

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	\$ 1,023,602	\$ 149,100	\$ 1,172,702	\$ 485,836
Unearned Revenue	101,544	3,489	105,033	180,049
Payable Under Securities Lending Agreements	122,292	0	122,292	0
Claims and Judgements	7,651	0	7,651	3,507
Interest Payable	24,213	8,532	32,745	63,087
Tax Refunds Payable	2,296	0	2,296	0
Payable to External Parties	76,767	0	76,767	1,047
Due to Component Units	111,603	0	111,603	5,050
Due to Primary Government	0	0	0	17,512
Due to Others	169,098	0	169,098	0
Capital Leases	1,816	0	1,816	52,944
Capital Leases-Primary Government	0	0	0	40,592
Compensated Absences	95,906	232	96,138	88,434
Notes Payable	13,945	0	13,945	114,481
General Obligation Bonds	26,225	0	26,225	0
Revenue Bonds (Net)	115,979	162,095	278,074	166,242
Other Current Liabilities	0	60,005	60,005	464,627
Total Current Liabilities	1,892,937	383,453	2,276,390	1,683,408
Noncurrent Liabilities				
Claims and Judgements	39,047	0	39,047	408,526
Due to Primary Government	0	0	0	52,911
Net Pension Liability	452,660	1,668	454,328	1,604,484
Capital Leases	0	0	0	727,068
Capital Leases-Primary Government	2,386	0	2,386	426,600
Compensated Absences	64,015	843	64,858	37,992
Notes Payable	16,575	0	16,575	109,388
General Obligation Bonds	55,875	0	55,875	40,000
Revenue Bonds (including Premiums)	1,041,325	705,229	1,746,554	4,976,590
Other Postemployment Benefits	774	0	774	194,480
Other Noncurrent Liabilities	0	9,125	9,125	281,789
Total Noncurrent Liabilities	1,672,657	716,865	2,389,522	8,859,828
Total Liabilities	3,565,594	1,100,318	4,665,912	10,543,236
Deferred Amount on Refunding	0	3,371	3,371	0
Restructured Debt	0	0	0	1,353
Deferred Inflows from Pensions	431,105	2,333	433,438	211,848
Service Concession Arrangements	0	0	0	11,443
Total Deferred Inflows	431,105	5,704	436,809	224,644
Net Position				
Net Investment in Capital Assets	10,865,784	2,856	10,868,640	3,667,773
Restricted for:				
Debt Service	657,781	308,727	966,508	321,613
Preservation of Wildlife	83,555	0	83,555	0
Lottery Benefits	0	12,351	12,351	0
Educational Systems	2,221,514	0	2,221,514	0
Unemployment Benefits	0	1,147,510	1,147,510	0
Stabilization	77,597	0	77,597	0
Federal Grant Programs	80,484	0	80,484	0
Tobacco Cessation and Public Health				
Nonexpendable	914,653	0	914,653	748,648
Expendable	104,456	0	104,456	2,824,873
Unrestricted	978,832	528,198	1,507,030	(216,840)
Total Net Position	\$ 15,984,656	\$ 1,999,642	\$ 17,984,298	\$ 7,346,067

State of Oklahoma

Government-Wide Statement of Activities

For the Fiscal Year Ended June 30, 2016

(expressed in thousands)

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Primary Government			Component Units
				Governmental Activities	Business-Type Activities	Total	
Primary Government							
Governmental Activities:							
Education-General	\$ 3,435,184	\$ 50,678	\$ 787,980	\$ (2,596,526)		\$ (2,596,526)	
Education-Payment to Higher Education	942,707	0	0	(942,707)		(942,707)	
Government Administration	2,114,501	331,176	80,559	(1,702,766)		(1,702,766)	
Health Services	5,710,985	625,906	3,433,917	(1,651,162)		(1,651,162)	
Legal and Judiciary	262,081	128,333	25,732	(108,016)		(108,016)	
Museums	12,502	2,832	1,002	(8,668)		(8,668)	
Natural Resources	290,366	150,609	63,278	(76,479)		(76,479)	
Public Safety and Defense	859,395	101,289	116,988	(641,118)		(641,118)	
Regulatory Services	193,245	129,512	1,693	(62,040)		(62,040)	
Social Services	2,356,625	36,311	1,610,491	(709,823)		(709,823)	
Transportation	1,109,349	96,205	663,913	(349,231)		(349,231)	
Interest on Long-Term Debt	78,130	0	0	(78,130)		(78,130)	
Total Governmental Activities	17,365,070	1,652,851	6,785,553	(8,926,666)		(8,926,666)	
Business-Type Activities							
Employment Security Commission	395,192	254,001	4,942		\$ (136,249)	(136,249)	
Water Resources Board	34,673	61,237	3,360		29,924	29,924	
Office of Management and Enterprise Services	1,051,966	984,734	0		(67,232)	(67,232)	
Lottery Commission	121,139	190,074	0		68,935	68,935	
Total Business-Type Activities	1,602,970	1,490,046	8,302		(104,622)	(104,622)	
Total Primary Government	\$ 18,968,040	\$ 3,142,897	\$ 6,793,855	(8,926,666)	(104,622)	(9,031,288)	
Component Units:							
Oklahoma Student Loan Authority	14,318	13,431	0				\$ (887)
Oklahoma Housing Finance Agency	154,964	35,346	127,770				8,152
Oklahoma Turnpike Authority	214,379	263,318	0				48,939
Grand River Dam Authority	402,971	427,048	0				24,077
Oklahoma Municipal Power Authority	186,729	188,685	0				1,956
Higher Education	4,687,027	2,454,301	1,365,330				(867,396)
Nonmajor Component Units	507,218	402,928	4,743				(99,547)
Total Component Units	\$ 6,167,606	\$ 3,785,057	\$ 1,497,843				(884,706)
General Revenues							
Taxes:							
Income Taxes-Individual				2,932,254	0	2,932,254	0
Income Taxes-Corporate				369,559	0	369,559	0
Sales Tax				2,481,557	0	2,481,557	0
Gross Production Taxes				319,071	0	319,071	0
Motor Vehicle Taxes				762,861	0	762,861	0
Fuel Taxes				424,275	0	424,275	0
Tobacco Taxes				257,797	0	257,797	0
Other Business Taxes				224,178	0	224,178	0
Other Personal Taxes				126	0	126	0
Insurance Taxes				181,477	0	181,477	0
Beverage Taxes				115,463	0	115,463	0
Other Taxes				173,399	0	173,399	0
Payments from Primary Government				0	0	0	1,059,179
Investment Earnings				60,792	0	60,792	0
Contributions to Permanent Funds				58,810	0	58,810	0
Transfers				78,979	(78,979)	0	0
Total General Revenues and Transfers				8,440,598	(78,979)	8,361,619	1,059,179
Change in Net Position				(486,068)	(183,601)	(669,669)	174,473
Net Position - Beginning of Year (as restated)				16,470,724	2,183,243	18,653,967	7,171,594
Net Position - End of Year				\$ 15,984,656	\$ 1,999,642	\$ 17,984,298	\$ 7,346,067

The Notes to the Financial Statements are an integral part of this statement.



Vintage Phillips 66 gas station and historic cars in Chandler, OK.

Fund Financial Statements ---

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State of Oklahoma
Balance Sheet
Governmental Funds
June 30, 2016
(expressed in thousands)

	Permanent Funds				Total Governmental Funds
	General	Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	
Assets					
Assets					
Cash/Cash Equivalents	\$ 2,940,263	\$ 115,961	\$ 11,306	\$ 34,174	\$ 3,101,704
Investments	54,078	2,134,159	72,154	1,001,295	3,261,686
Security Lending Investments	0	0	0	122,292	122,292
Accounts Receivable	48,867	0	0	0	48,867
Interest and Investment Revenue Receivable	17,411	11,694	0	3,479	32,584
Federal Grants Receivable	514,627	0	0	0	514,627
Taxes Receivable	252,210	0	0	0	252,210
Leases Receivable	20,710	0	0	0	20,710
Leases Receivable-Component Units	467,192	0	0	0	467,192
Other Receivables	65	7,560	0	1,114	8,739
Due from Other Funds	8,952	0	88	0	9,040
Due from Fiduciary Funds	8	0	0	0	8
Due from Component Units	17,512	0	0	0	17,512
Due From Component Units-Noncurrent	52,911	0	0	0	52,911
Inventory	76,362	0	0	0	76,362
Prepaid Items	1,056	0	0	0	1,056
Other Assets	17,553	0	7	0	17,560
Total Assets	<u>4,489,777</u>	<u>2,269,374</u>	<u>83,555</u>	<u>1,162,354</u>	<u>8,005,060</u>
Liabilities					
Accounts Payable and Accrued Liabilities	961,768	40,918	0	20,916	1,023,602
Payable Under Securities					
Lending Agreements	0	0	0	122,292	122,292
Unearned Revenue	218,263	6,942	0	0	225,205
Tax Refunds Payable	2,296	0	0	0	2,296
Due to Other Funds	137	0	0	37	174
Due to Fiduciary Funds	76,767	0	0	0	76,767
Due to Component Units	111,603	0	0	0	111,603
Due to Others	169,098	0	0	0	169,098
Total Liabilities	<u>1,539,932</u>	<u>47,860</u>	<u>0</u>	<u>143,245</u>	<u>1,731,037</u>
Fund Balances					
Nonspendable	80,281	2,216,433	81,321	914,653	3,292,688
Restricted	815,862	5,081	0	0	820,943
Committed	2,027,227	0	2,234	27,160	2,056,621
Assigned	609	0	0	77,296	77,905
Unassigned	25,866	0	0	0	25,866
Total Fund Balances	<u>\$ 2,949,845</u>	<u>\$ 2,221,514</u>	<u>\$ 83,555</u>	<u>\$ 1,019,109</u>	<u>\$ 6,274,023</u>

The Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balance - Governmental Funds \$ 6,274,023

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,772,954	
Buildings and Improvements	1,589,618	
Equipment	567,658	
Infrastructure	18,477,965	
Construction in Progress	193,284	
Accumulated Depreciation	<u>(11,003,004)</u>	
		11,598,475

Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are considered to be unearned. 123,661

The state's portion of the net pension asset (\$34,896), net pension liability (\$452,660), deferred inflows (\$431,105), and deferred outflows (\$340,886) as determined by the actuarial calculations of the pension systems created by statute. (507,983)

Certain bonds issued by the state are for the purpose of refunding older bond issues. Some bonds that are refunded are done so at a loss to the state. These losses are costs in the funds, but are amortized over the life of the refunding bonds on the statement of net position. 2,212

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes Payable	(30,520)	
General Obligation and Revenue Bonds	(1,165,163)	
Capital Leases and Certificates of Participation	(4,202)	
Bond Issue Premiums	(74,241)	
Accrued Interest on Bonds	(24,213)	
Compensated Absences	(159,921)	
Other postemployment benefits	(774)	
Claims and Judgements	<u>(46,698)</u>	
		(1,505,732)

Net Position of Governmental Activities \$ 15,984,656

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Revenues, Expenditures
and Changes in Fund Balances-Governmental Funds
For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

	General	Permanent Funds			Total Governmental Funds
		Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	
Revenues					
Taxes					
Income Taxes-Individual	\$ 2,932,254	\$ 0	\$ 0	\$ 0	\$ 2,932,254
Sales Tax	2,481,557	0	0	0	2,481,557
Gross Production Tax	319,071	0	0	0	319,071
Income Taxes-Corporate	369,559	0	0	0	369,559
Motor Vehicle Taxes	762,862	0	0	0	762,862
Fuel Taxes	424,276	0	0	0	424,276
Tobacco Taxes	257,797	0	0	0	257,797
Other Business Taxes	224,176	0	0	0	224,176
Other Personal Taxes	126	0	0	0	126
Insurance Taxes	181,477	0	0	0	181,477
Beverage Taxes	115,463	0	0	0	115,463
Other Taxes	173,398	0	0	0	173,398
Licenses, Permits and Fees	681,130	0	2,234	0	683,364
Interest and Investment Revenue	150,773	84,697	0	19,140	254,610
Federal Grants	6,667,592	0	0	0	6,667,592
Sales and Services	212,228	0	0	0	212,228
Other Grants and Reimbursements	492,888	0	0	0	492,888
Fines and Penalties	53,475	0	0	0	53,475
Other	121,548	2,922	0	58,810	183,280
Total Revenues	16,621,650	87,619	2,234	77,950	16,789,453
Expenditures					
Education	4,230,653	142,371	0	0	4,373,024
Government Administration	1,643,507	0	0	56,064	1,699,571
Health Services	5,704,161	0	0	0	5,704,161
Legal and Judiciary	251,114	0	0	0	251,114
Museums	9,074	0	0	0	9,074
Natural Resources	281,530	0	0	0	281,530
Public Safety and Defense	826,716	0	0	0	826,716
Regulatory Services	191,627	0	0	0	191,627
Social Services	2,347,661	0	0	0	2,347,661
Transportation	237,427	0	0	0	237,427
Capital Outlay	1,764,029	0	0	44	1,764,073
Debt Service					
Principal Retirement	191,272	0	0	0	191,272
Interest and Fiscal Charges	76,228	0	0	0	76,228
Total Expenditures	17,754,999	142,371	0	56,108	17,953,478
Revenues in Excess of (Less Than) Expenditures	(1,133,349)	(54,752)	2,234	21,842	(1,164,025)
Other Financing Sources (Uses)					
Transfers In	85,002	0	0	0	85,002
Transfers Out	(2,826)	(3,197)	(0)	(0)	(6,023)
Bonds Issued	39,535	0	0	0	39,535
Bond Issue Premiums	5,276	0	0	0	5,276
Sale of Capital Assets	14,451	0	0	0	14,451
Total Other Financing Sources (Uses)	141,438	(3,197)	0	0	138,241
Net Change in Fund Balances	(991,911)	(57,949)	2,234	21,842	(1,025,784)
Fund Balances - Beginning of Year (as restated)	3,941,756	2,279,463	81,321	997,267	7,299,807
Fund Balances - End of Year	\$ 2,949,845	\$ 2,221,514	\$ 83,555	\$ 1,019,109	\$ 6,274,023

The Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Governmental Funds Schedule of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds \$ (1,025,784)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$917,052) exceeded depreciation (\$536,508) in the current period. 380,544

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (5,564)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 11,588

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond payments (\$188,948) exceeded proceeds (\$39,535). 149,413

Bond issuance premiums and discounts are other financing sources or uses to governmental funds, but are deferred liabilities in the statement of net position. This is the amount of bond issue premiums. (5,276)

The amount by which the state's portion of net pension asset (\$7,857) decreased, net pension liability (\$226,408) increased, deferred inflows from pensions (\$146,297) decreased, and deferred outflows from pensions (\$94,821) increased compared to the prior fiscal year. 6,853

For assets acquired as capital leases, the amount financed is reported in the governmental funds as a source of financing. However, capital leases are long-term liabilities in the statement of net position. This is the amount by which the payment of principal (\$2,324) exceeded the addition of new capital leases (\$0). 2,324

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Accretion of bond premiums	23,661	
Decrease in entity-wide interest payable	(1,902)	
Decrease in compensated absences	584	
Amortization of losses on refunded bonds	(749)	
Increase in other postemployment benefit liability	(134)	
Decrease in claims and judgments payable	(21,626)	
		(166)

Change in Net Position of Governmental Activities \$ (486,068)

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2016
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	Total
Assets					
Current Assets					
Cash/Cash Equivalents	\$ 1,079,397	\$ 74,777	\$ 90,349	\$ 30,259	\$ 1,274,782
Investments	0	110,159	243,658	0	353,817
Accounts Receivable	0	0	37,609	5,683	43,292
Interest and Investment Revenue Receivable	6,199	8,897	1,144	0	16,240
Federal Grants Receivable	6	545	0	0	551
Taxes Receivable	64,890	0	0	0	64,890
Notes Receivable	0	104,967	0	0	104,967
Due from Other Funds	0	0	49	0	49
Other Current Assets	0	1	25,317	0	25,318
Total Current Assets	<u>1,150,492</u>	<u>299,346</u>	<u>398,126</u>	<u>35,942</u>	<u>1,883,906</u>
Noncurrent Assets					
Cash/Cash Equivalents, Restricted	0	110,623	0	0	110,623
Long-Term Investments	0	6,039	0	0	6,039
Long-Term Investments, Restricted	0	65,234	0	0	65,234
Long-Term Notes Receivable	0	1,039,129	0	0	1,039,129
Capital Assets, Net	0	85	2,698	73	2,856
Other Noncurrent Assets	0	0	0	4,615	4,615
Total Noncurrent Assets	<u>0</u>	<u>1,221,110</u>	<u>2,698</u>	<u>4,688</u>	<u>1,228,496</u>
Total Assets	<u>1,150,492</u>	<u>1,520,456</u>	<u>400,824</u>	<u>40,630</u>	<u>3,112,402</u>
Deferred Outflows of Resources					
Deferred Pension Plan Outflows	0	0	1,645	532	2,177
Total Deferred Outflows	<u>0</u>	<u>0</u>	<u>1,645</u>	<u>532</u>	<u>2,177</u>
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	2,982	275	130,469	18,863	152,589
Interest Payable	0	8,532	0	0	8,532
Compensated Absences	0	94	0	138	232
Revenue Bonds (Net)	0	162,095	0	0	162,095
Due to Other Funds	0	16	0	8,899	8,915
Other Current Liabilities	0	568	59,437	0	60,005
Total Current Liabilities	<u>2,982</u>	<u>171,580</u>	<u>189,906</u>	<u>27,900</u>	<u>392,368</u>
Noncurrent Liabilities					
Revenue Bonds (including Premiums)	0	705,229	0	0	705,229
Compensated Absences	0	26	748	69	843
Other Noncurrent Liabilities	0	0	9,125	0	9,125
Pension Obligation	0	0	1,352	316	1,668
Total Noncurrent Liabilities	<u>0</u>	<u>705,255</u>	<u>11,225</u>	<u>385</u>	<u>716,865</u>
Total Liabilities	<u>2,982</u>	<u>876,835</u>	<u>201,131</u>	<u>28,285</u>	<u>1,109,233</u>
Deferred Inflows of Resources					
Deferred Inflows from Pensions	0	0	1,880	453	2,333
Deferred Amount on Refunding	0	3,371	0	0	3,371
Total Deferred Inflows	<u>0</u>	<u>3,371</u>	<u>1,880</u>	<u>453</u>	<u>5,704</u>
Net Position					
Invested in Capital Assets	0	85	2,698	73	2,856
Restricted for:					
Debt Service	0	308,727	0	0	308,727
Lottery Benefits	0	0	0	12,351	12,351
Unemployment Benefits	1,147,510	0	0	0	1,147,510
Unrestricted	0	331,438	196,760	0	528,198
Total Net Position	<u>\$ 1,147,510</u>	<u>\$ 640,250</u>	<u>\$ 199,458</u>	<u>\$ 12,424</u>	<u>\$ 1,999,642</u>

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	Total
Operating Revenues					
Sales and Services	\$ 225,609	\$ 0	\$ 979,664	\$ 189,622	\$ 1,394,895
Federal Grants	4,942	3,360	0	0	8,302
Interest and Investment Revenue	0	33,992	0	0	33,992
Other	0	0	123	112	235
Total Operating Revenues	230,551	37,352	979,787	189,734	1,437,424
Operating Expenses					
Facilities Operations and Maintenance	0	0	0	150	150
Administration and General	9,481	4,745	46,453	4,281	64,960
Prizes, Commissions and Other	0	0	0	115,924	115,924
Interest	0	29,914	0	0	29,914
Depreciation	0	14	503	34	551
Benefit Payments and Refunds	385,711	0	1,005,010	0	1,390,721
Total Operating Expenses	395,192	34,673	1,051,966	120,389	1,602,220
Operating Income (Loss)	(164,641)	2,679	(72,179)	69,345	(164,796)
Nonoperating Revenues (Expense)					
Interest and Investment Revenue	26,097	2,734	4,947	340	34,118
Other Nonoperating Revenues	2,295	1,775	0	0	4,070
Nonoperating Federal Grants	0	22,736	0	0	22,736
Other Nonoperating Expenses	0	0	0	(750)	(750)
Total Nonoperating Revenues (Expenses)	28,392	27,245	4,947	(410)	60,174
Income (Loss) Before Transfers	(136,249)	29,924	(67,232)	68,935	(104,622)
Transfers In	0	2,826	0	0	2,826
Transfers Out	(15,342)	(56)	0	(66,407)	(81,805)
Change in Net Position	(151,591)	32,694	(67,232)	2,528	(183,601)
Total Net Position - Beginning of Year	1,299,101	607,556	266,690	9,896	2,183,243
Total Net Position - Ending	\$ 1,147,510	\$ 640,250	\$ 199,458	\$ 12,424	\$ 1,999,642

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

	Business-Type Activities - Enterprise Funds				
	Employment Security Commission	Water Resources Board	Office of Management and Enterprise Services	Lottery Commission	Total
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 231,230	\$ 0	\$ 1,105,713	\$ 177,892	\$ 1,514,835
Receipts from Federal Grants	5,617	3,350	0	0	8,967
Payments of Benefits	(410,534)	0	(1,133,154)	0	(1,543,688)
Payments to Suppliers	0	(5,242)	(45,181)	(10,149)	(60,572)
Payments to Employees	0	(2,191)	(9,167)	(2,428)	(13,786)
Payments to Prize Winners	0	0	0	(94,125)	(94,125)
Payments to fund deposit with Multi-State Lottery	0	0	0	214	214
Payments of Operating Interest Expense	0	(31,464)	0	0	(31,464)
Collections of Interest on Loans to Governmental Units	0	34,016	0	0	34,016
Net Cash Provided (Used) by Operating Activities	(173,687)	(1,531)	(81,789)	71,404	(185,603)
Cash Flows from Noncapital Financing Activities					
Federal Grants and Other Contributions	2,240	159,272	0	0	161,512
Transfers In	0	2,936	0	0	2,936
Transfers Out	0	(57)	0	(58,258)	(58,315)
Principal Paid on Bonds and Notes Payable	0	(45,785)	0	0	(45,785)
Net Cash Provided (Used) by Noncapital Financing Activities	2,240	116,366	0	(58,258)	60,348
Cash Flows from Capital and Related Financing Activities					
Payments for Acquisition of Capital Assets	0	(67)	(1,414)	(12)	(1,493)
Net Cash Used by Capital and Related Financing Activities	0	(67)	(1,414)	(12)	(1,493)
Cash Flows from Investing Activities					
Interest and Investment Revenue	27,246	2,708	3,784	323	34,061
Proceeds from Sale and Maturity of Investments	0	18,359	393,594	0	411,953
Payments to Purchase Investments	0	(66,791)	(312,147)	0	(378,938)
Collections of Principal on Loans to Governmental Units	0	144,345	0	0	144,345
Payments to Issue Notes Receivable	0	(124,401)	0	0	(124,401)
Net Cash Provided by Investing Activities	27,246	(25,780)	85,231	323	87,020
Net Increase in Cash/Cash Equivalents	(144,201)	88,988	2,028	13,457	(39,728)
Cash/Cash Equivalents - Beginning of Year	<u>1,223,599</u>	<u>96,412</u>	<u>88,321</u>	<u>16,802</u>	<u>1,425,134</u>
Cash/Cash Equivalents - End of Year	<u>1,079,397</u>	<u>185,400</u>	<u>90,349</u>	<u>30,259</u>	<u>1,385,405</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities					
Operating Income (Loss)	\$ (164,641)	\$ 2,679	\$ (72,179)	\$ 69,345	\$ (164,796)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	0	14	503	34	551
Amortization (Accretion) and Other Noncash Expenses	0	(2,862)	0	36	(2,826)
Decrease (Increase) in Assets					
Accounts Receivable	(10,259)	0	7,668	451	(2,140)
Federal Receivable	5	0	0	0	5
Interest and Investment Receivable	0	302	0	0	302
Deposit with Multi-State Lottery	0	0	0	214	214
Other Receivables	0	0	(2,031)	0	(2,031)
Increase (Decrease) in Liabilities					
Accounts Payable and Accrued Liabilities	0	120	(8,326)	75	(8,131)
Interest Payable	0	1,024	0	0	1,024
Prizes Payable	0	0	0	707	707
Compensated Absences	0	(42)	0	0	(42)
Due to other funds	0	0	0	685	685
Deferred Revenue	1,209	0	0	128	1,337
Other Current Liabilities	0	(2,766)	(7,424)	(271)	(10,461)
Miscellaneous	(1)	0	0	0	(1)
Net Cash Provided (Used) by Operating Activities	<u>\$ (173,687)</u>	<u>\$ (1,531)</u>	<u>\$ (81,789)</u>	<u>\$ 71,404</u>	<u>\$ (185,603)</u>

The Notes to the Financial Statements are an integral part of this statement.

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State of Oklahoma
Statement of Fiduciary Net Position
Fiduciary Funds and Similar Component Units
June 30, 2016
(expressed in thousands)

	Pension Trust Funds	Agency Fund
Assets		
Cash/Cash Equivalents	\$ 638,915	\$ 510,406
Investments, at fair value		
Equity Securities	14,257,238	0
Governmental Securities	3,371,553	0
Debt Securities	3,625,686	0
Mutual Funds	3,120,255	0
Other Investments	3,099,320	85
Securities Lending Investments	2,287,625	0
Accounts Receivable	0	17
Interest and Investment Revenue Receivable	74,911	0
Employer Contributions Receivable	27,911	0
Employee Contributions Receivable	17,286	0
Due from Brokers	566,163	0
Due from Primary Government	76,767	0
Due from Component Units	735	0
Inventory	0	7,789
Capital Assets, Net	5,561	0
Other Assets	363	0
Total Assets	<u>31,170,289</u>	<u>518,297</u>
Liabilities		
Account Payable	4,000	774
Deferred Revenue	0	4
Tax Refunds Payable	0	84,514
Securities Lending Payable	2,287,625	0
Due to Brokers	827,528	0
Due to Other Funds	8	0
Due to Others	0	433,005
Benefits in the Process of Payment	85,690	0
Other Liabilities	11,877	0
Total Liabilities	<u>3,216,728</u>	<u>\$ 518,297</u>
Net Position		
Held in Trust for Pension Benefits and Pool Participants	<u>\$ 27,953,561</u>	

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Changes in Fiduciary Net Position
Fiduciary Funds and Similar Component Units
For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

	Pension Trust Funds
Additions	
Contributions	
Employer Contributions	\$ 800,107
Employee Contributions	430,127
Other Contributions	<u>466,898</u>
Total Contributions	<u>1,697,132</u>
Investment Earnings	
Net Increase (Decrease) in Fair Value of Investments	(847,894)
Interest and Investment Revenue	<u>576,273</u>
Total Investment Earnings	<u>(271,621)</u>
Less Investment Expenses	<u>97,811</u>
Net Investment Earnings	<u>(369,432)</u>
Total Additions	<u>1,327,700</u>
Deductions	
Administrative and General Expenses	20,451
Benefit Payments and Refunds	<u>2,284,567</u>
Total Deductions	<u>2,305,018</u>
Change in Net Postition	(977,318)
Net Position - Beginning of Year	<u>28,930,879</u>
Net Position - End of Year	<u><u>\$ 27,953,561</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Description of Major Component Units

The State of Oklahoma has six major component units which are described below:

OKLAHOMA STUDENT LOAN AUTHORITY

525 Central Park Drive, Suite 600, Oklahoma City, Oklahoma 73105
www.osla.org

The Authority provides loans to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations.

OKLAHOMA HOUSING FINANCE AGENCY

100 N.W. 63rd Street, Suite 200, Oklahoma City, Oklahoma 73116
www.ohfa.org

The Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State of Oklahoma.

OKLAHOMA TURNPIKE AUTHORITY

P.O. Box 11357, Oklahoma City, Oklahoma 73111
www.pikepass.com

The Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the Legislature and approved by the Department of Transportation. The Authority receives revenues from turnpike tolls and a percentage of the turnpike concessions sales. The Authority issues revenue bonds to finance the cost of turnpike projects.

GRAND RIVER DAM AUTHORITY

P.O. Box 409, Vinita, Oklahoma 74301
www.grda.com

The Authority controls the waters of the Grand River system to generate water power and electric energy and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma.

OKLAHOMA MUNICIPAL POWER AUTHORITY

P.O. Box 1960, Edmond, Oklahoma 73083
www.ompac.com

The Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. The Authority also sells electric power to its member municipalities.

HIGHER EDUCATION

Higher Education is primarily comprised of colleges and universities which are members of the Oklahoma State System of Higher Education. The System includes the following colleges and universities:

COMPREHENSIVE UNIVERSITIES

University of Oklahoma
Oklahoma State University

OTHER FOUR YEAR UNIVERSITIES

University of Central Oklahoma
East Central University
Northeastern State University
Northwestern Oklahoma State University
Southeastern Oklahoma State University
Southwestern Oklahoma State University
Cameron University
Langston University
Oklahoma Panhandle State University
Rogers State University
University of Science and Arts of Oklahoma

TWO YEAR COLLEGES

Carl Albert State College
Connors State College
Eastern Oklahoma State College
Redlands Community College
Murray State College
Northeastern Oklahoma A & M College
Northern Oklahoma College
Oklahoma City Community College
Rose State College
Seminole State College
Tulsa Community College
Western Oklahoma State College

Each institution which is a member of the Oklahoma State System of Higher Education (the "System") is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the governor, with the advice and consent of the Senate. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities:

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the System.

Regional University System of Oklahoma Regents has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University.

University Center of Southern Oklahoma was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning in southern Oklahoma. Students enrolled in the Program earn credit applicable toward academic degrees and certificates at participating institutions in the System.

University Center at Ponca City was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning in northern Oklahoma. Students enrolled in the Program earn credit applicable toward academic degrees and certificates at participating institutions in the System.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18 were created to provide secondary vocational, technical, and adult education programs for persons within their defined geographical boundaries.

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State of Oklahoma
Combining Statement of Net Position
Major Component Units
June 30, 2016
(expressed in thousands)

	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
Assets								
Current Assets								
Cash/Cash Equivalents -								
Unrestricted	\$ 0	\$ 11,878	\$ 19,985	\$ 3,155	\$ 10,723	\$ 1,234,954	\$ 215,314	\$ 1,496,009
Investments	7,190	8,042	48,744	48,209	1,994	1,088,170	41,971	1,244,320
Accounts Receivable	0	551	3,321	45,145	14,664	471,573	41,813	577,067
Interest and Investment								
Revenue Receivable	5,400	1,429	1,779	2,793	332	2,032	305	14,070
Federal Grants Receivable	0	0	0	0	0	12,877	0	12,877
Other Receivables	0	0	0	0	0	61,667	3,485	65,152
Notes Receivable	0	0	0	0	0	6,256	312	6,568
Due from Component Units	0	0	0	1,644	0	3,787	470	5,901
Due from Primary Government	0	0	8,901	34	0	15,780	85,807	110,522
Inventory	0	0	7,657	82,832	14,220	26,026	0	130,735
Prepaid Items	0	334	557	3,582	0	9,006	3,232	16,711
Other Current Assets	0	0	0	0	528	45,619	5,382	51,529
Total Current Assets	12,590	22,234	90,944	187,394	42,461	2,977,747	398,091	3,731,461
Noncurrent Assets								
Cash/Cash Equivalents -								
Restricted	389	22,097	89,941	0	51,955	589,945	3,012	757,339
Investments - Restricted	16,997	376,712	217,926	0	76,923	1,546,878	884	2,236,320
Long-Term Investments								
Unrestricted	0	37,381	0	599,081	20,202	1,036,868	16,699	1,710,231
Long-Term Notes Receivable, Net								
Unrestricted	67,077	0	0	0	0	43,184	4,196	114,457
Restricted	321,340	1,467	0	0	0	0	0	322,807
Capital Assets								
Depreciable, Net	642	2,502	976,875	775,582	483,536	4,634,891	268,281	7,142,309
Land	0	550	163,345	37,649	0	206,896	4,396	412,836
Construction in Progress	0	0	64,822	267,395	18,041	533,121	82,321	965,700
Other Noncurrent Assets								
Unrestricted	1,023	0	58	10,661	125,760	139,942	20,438	297,882
Restricted	0	0	0	0	1,211	405	36	1,652
Total Noncurrent Assets	407,468	440,709	1,512,967	1,690,368	777,628	8,732,130	400,263	13,961,533
Total Assets	420,058	462,943	1,603,911	1,877,762	820,089	11,709,877	798,354	17,692,994
Deferred Outflow of Resources								
Deferred Outflows from Pensions	800	717	4,973	3,192	1,394	245,160	1,279	257,515
Accumulated Decrease in Fair Value of Derivatives	0	151	57,734	0	12,940	0	0	70,825
Lease Restructuring	0	0	0	0	0	1,574	0	1,574
Advance Refunding of Bonds	0	0	61,502	0	21,958	1,498	59	85,017
Defeasance of Bonds	0	0	0	0	0	6,022	0	6,022
Total Deferred Outflows	800	868	124,209	3,192	36,292	254,254	1,338	420,953

The Notes to the Financial Statements are an integral part of this statement.

	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
Liabilities								
Current Liabilities								
Accounts Payable and Accrued Liabilities	1,472	1,522	19,133	70,128	13,191	245,456	134,934	485,836
Claims and Judgments	0	0	0	0	0	2,653	854	3,507
Interest Payable	2,150	967	16,053	4,358	15,749	22,994	816	63,087
Unearned Revenue	0	393	26,924	0	10,996	141,457	279	180,049
Due to Other Component Units	0	0	0	19	1,098	3,282	651	5,050
Due to Fiduciary Funds	0	0	0	650	85	0	312	1,047
Due to Primary Government	0	0	3,416	56	0	810	13,230	17,512
Capital Leases	0	0	0	0	0	52,691	253	52,944
Capital Leases-Primary Govt.	0	0	0	0	0	40,592	0	40,592
Compensated Absences	0	808	2,070	3,361	0	81,848	347	88,434
Notes Payable	0	0	15,000	0	2,118	93,555	3,808	114,481
Revenue Bonds	0	8,685	54,050	23,795	20,760	57,567	1,385	166,242
Other Current Liabilities	0	0	0	26,486	12,580	405,516	20,045	464,627
Total Current Liabilities	3,622	12,375	136,646	128,853	76,577	1,148,421	176,914	1,683,408
Noncurrent Liabilities								
Claims and Judgments	0	0	0	0	0	2,904	405,622	408,526
Due to Primary Government	0	0	52,911	0	0	0	0	52,911
Capital Leases	0	0	0	0	0	726,308	760	727,068
Capital Leases-Primary Govt.	0	0	0	0	0	426,600	0	426,600
Compensated Absences	0	0	0	1,343	0	36,573	76	37,992
Net Pension Liability	6,177	468	4,002	0	1,094	1,591,940	803	1,604,484
Notes Payable	34,195	0	0	0	37,868	13,323	24,002	109,388
General Obligation Bonds	0	0	0	0	0	0	40,000	40,000
Other Postemployment Benefits	0	0	0	0	0	194,480	0	194,480
Revenue Bonds	315,810	294,737	880,345	1,106,784	677,845	1,528,140	53,864	4,857,525
Unamortized Premium (Discount) on refunding	0	5,803	59,749	33,625	19,992	0	(104)	119,065
Other Noncurrent Liabilities	0	0	57,734	11,629	7,527	184,119	20,780	281,789
Total Noncurrent Liabilities	356,182	301,008	1,054,741	1,153,381	744,326	4,704,387	545,803	8,859,828
Total Liabilities	359,804	313,383	1,191,387	1,282,234	820,903	5,852,808	722,717	10,543,236
Deferred Inflow of Resources								
Restructured Debt	0	0	0	0	0	1,353	0	1,353
Deferred pension plan inflows	626	1,719	5,807	4,216	1,521	196,843	1,116	211,848
Service Concession Arrangements	0	0	0	0	0	11,443	0	11,443
Total Deferred Inflows	626	1,719	5,807	4,216	1,521	209,639	1,116	224,644
Net Position								
Invested in Capital Assets, Net of Related Debt	642	3,052	264,316	344,781	(33,885)	2,793,790	295,077	3,667,773
Restricted for:								
Debt Service	0	89,781	139,621	18,239	24,616	49,356	0	321,613
Other Special Purpose Expendable	51,219	326	61,816	2,479	9,875	2,695,035	4,123	2,824,873
Nonexpendable	0	0	0	0	0	748,648	0	748,648
Unrestricted	8,567	55,550	65,173	229,005	33,351	(385,145)	(223,341)	(216,840)
Total Net Position	\$ 60,428	\$ 148,709	\$ 530,926	\$ 594,504	\$ 33,957	\$ 5,901,684	\$ 75,859	\$ 7,346,067

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Combining Statement of Activities
Major Component Units
For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

		Program Revenues			General Revenue				
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government	Change in Net Position	Net Position Beginning of Year	Net Position End of Year	
Component Units:									
Oklahoma Student Loan Authority	\$ 14,318	\$ 13,431	\$ 0	\$ (887)	\$ 0	\$ (887)	\$ 61,315	\$ 60,428	
Oklahoma Housing Finance Agency	154,964	35,346	127,770	8,152	0	8,152	140,557	148,709	
Oklahoma Turnpike Authority	214,379	263,318	0	48,939	0	48,939	481,987	530,926	
Grand River Dam Authority	402,971	427,048	0	24,077	0	24,077	570,427	594,504	
Oklahoma Municipal Power Authority	186,729	188,685	0	1,956	0	1,956	32,001	33,957	
Higher Education Component Unit	4,687,027	2,454,301	1,365,330	(867,396)	942,707	75,311	5,826,373	5,901,684	
Nonmajor Component Units Total	<u>507,218</u>	<u>402,928</u>	<u>4,743</u>	<u>(99,547)</u>	<u>116,472</u>	<u>16,925</u>	<u>58,934</u>	<u>75,859</u>	
Total Component Units	<u>\$ 6,167,606</u>	<u>\$ 3,785,057</u>	<u>\$ 1,497,843</u>	<u>\$ (884,706)</u>	<u>\$ 1,059,179</u>	<u>\$ 174,473</u>	<u>\$ 7,171,594</u>	<u>\$ 7,346,067</u>	

The Notes to the Financial Statements are an integral part of this statement.



The Round Barn located in Arcadia, OK was built in 1898 and is the most photographed sight on Route 66.



Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Oklahoma (the “state”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

In February of 2015, the Governmental Accounting Standards Board (GASB) issued Statement 72 *Fair Value Measurement and Application*. The purpose of this statement is to address accounting and financial reporting issues related to fair value measurements.

This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The state was required to implement this standard for the fiscal year ended June 30, 2016.

In June of 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pension and Related assets That Are not within the Scope of Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68* establishes requirements for defined benefits pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets.

The state was required to implement this standard for the fiscal year ended June 30, 2016.

In June of 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for the State and Local Governments* identifies, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

The result of this Statement is financial reporting guidance application with less variation, which improves the usefulness of financial statement information.

The state was required to implement this standard for the fiscal year ended June 30, 2016.

New Accounting Pronouncements Issues Not Yet Adopted:

GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement 50, *Pension Disclosures*.

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses accounting and financial reporting for OPEB that is provided to the employees if the state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 77 *Tax Abatement Disclosures* requires disclosure of tax abatement information and subsequent impact on financial position and results of operations, including the ability to raise resources in the future.

GASB Statement No. 78 *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 80 *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 81 *Irrevocable Split-Interest Agreements* requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 82 *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The accompanying financial statements present the financial position of the state and the various funds and fund types, the results of operations of the state and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2016, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts, authorities and other organizational units governed by the Oklahoma State Legislature and/or Constitutional Officers of the State of Oklahoma.

A. Reporting Entity

The state has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the state to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the state. Local school districts (the state's support of the public education system is reported in the General Fund) and other local authorities of various kinds that may meet only one of the criteria for inclusion in this report have not been included.

As required by generally accepted accounting principles (GAAP), these financial statements present the State of Oklahoma (the Primary Government) and its component units.

Discrete Component Units

Component units are entities which are legally separate from the state, but are financially accountable to the state, or whose relationships with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. Separately issued independent audit reports may be obtained from the Office of Management and Enterprise Services, 5005 North Lincoln Blvd., Suite 100, Oklahoma City, Oklahoma 73105. The audit reports may also be obtained from the respective component units at the addresses presented on the description page of the Fund Financial Statements section for the Major Component Units, and the description page in the Combining Financial Statement section of this report for the Non-Major Component Units.

The Component Units columns of the government-wide financial statements include the financial data of the following entities:

MAJOR COMPONENT UNITS

Oklahoma Student Loan Authority provides loan funds to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations. The Authority is composed of five members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2016, and their report, dated November 2, 2016 has been previously issued under separate cover.

Oklahoma Housing Finance Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of residential housing and other economic development for the benefit of citizens. In addition, the Agency administers Section 8 Housing Assistance Payments programs for the U.S. Department of Housing and Urban Development. The Board of Trustees consists of five members appointed by the governor. The state can impose its will on the Agency by its ability to veto or modify the Agency's decisions. The Agency was audited by other independent auditors for the year ended September 30, 2015, and their report, dated January 27, 2016 has been previously issued under separate cover.

Oklahoma Turnpike Authority constructs, maintains, repairs, and operates turnpike projects at locations authorized by the Legislature and approved by the State Department of Transportation. The Authority receives its revenues from turnpike tolls and a percentage of turnpike concession sales. The Authority issues revenue bonds to finance turnpike projects. The Authority consists of the governor and six members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 2015, and their report, dated March 31, 2016 has been previously issued under separate cover.

Grand River Dam Authority controls the waters of the Grand River system to develop and generate water power and electric energy, and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma. The customers consist of rural electric cooperatives, municipalities, industries and off-system sales. The seven member Board of Directors consists of the General Manager of the Oklahoma Association of Electric Cooperatives, the Executive Director of the Municipal Electric Systems of Oklahoma, and appointees by the governor, the Speaker of the House of Representatives, and the president pro tempore of the Senate. The state can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 2015, and their report, dated March 30, 2016 has been previously issued under separate cover.

Oklahoma Municipal Power Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities. Facilities are financed through the issuance of revenue bonds, which are approved by the state's Bond Oversight Commission. Exclusion of the Component Unit would cause the state's financial statements to be misleading or incomplete. The Authority was audited by other independent auditors for the year ended December 31, 2015, and their report, dated March 30, 2016 has been previously issued under separate cover.

Higher Education Component Unit - This component unit is primarily comprised of the 25 colleges and universities that are members of the Oklahoma State System of Higher Education (the System). All of the colleges and universities have foundations that receive and hold economic resources for the benefit of their associated entity. These foundations are component units of their respective college or university and are included as part of the Higher Education Component Unit. Separately issued independent audit reports for each college, university, foundation, or other included entity may be obtained from the Office of Management and Enterprise Services, 5005 North Lincoln Blvd., Suite 100, Oklahoma City, Oklahoma 73105. Each institution in the System is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on each institution by its ability to modify and approve their budget. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities:

- **Oklahoma State Regents for Higher Education** serves as the coordinating board of control for the System. The Board of Regents for Higher Education consists of nine members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the State Regents for Higher Education by its ability to modify and approve their budget.
- **Regional University System of Oklahoma** has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University. The Board consists of the State Superintendent of Public Instruction and eight members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the Board of Regents by its ability to modify and approve their budget. Each of the six regional state universities has one or more foundations that are component units of their respective university and are included in the Higher Education Component Unit.
- **University Center of Southern Oklahoma** was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the Center earn credit applicable toward academic degrees and certificates at participating institutions in the System. Participating Institutions are: East Central University, Murray State College, and Southeastern Oklahoma State University. The Center is administered by a Board of Trustees appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the Center by its ability to modify and approve their budget.
- **Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18** were created to provide postsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries. The primary source of operating funds is ad valorem taxes assessed against real property located in their districts. The Districts are component units of Rose State College, Oklahoma City Community College, and Tulsa Community College, respectively.
- **University Center at Ponca City** was established to make educational program resources in the Oklahoma State System of Higher Education available to the citizens in Northern Oklahoma and the Ponca City community. The Center is administered by a Board of Trustees consisting of nine members appointed by the governor with the advice and consent of the Senate. The state can impose its will on the Center by its ability to modify and approve their budget.

NONMAJOR COMPONENT UNITS

Oklahoma Educational Television Authority (OETA) was created to “make educational television services available to all Oklahoma citizens on a coordinated statewide basis.” The Board of Directors is comprised of thirteen members, seven of which are appointed by the governor, with the advice and consent of the Senate. A financial benefit/burden relationship exists between the state and OETA. OETA also has a non-profit foundation that was established to receive private donations and contributions for the benefit of OETA. This foundation qualifies as a component unit of OETA, and is combined with OETA. OETA was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 10, 2016, has been previously issued under separate cover.

Oklahoma Industrial Finance Authority assists with the state’s industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma.

These loans are secured by first or second mortgages on real estate and equipment. The Authority's loans are financed by issuance of general obligation bonds. The Board of Directors is comprised of seven members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 21, 2016, has been previously issued under separate cover.

Multiple Injury Trust Fund provides benefits to a worker with a pre-existing disability who suffers a second on-the-job injury. The state can impose its will on the Fund by its ability to remove management (appointees) at will. The Fund was audited by other independent auditors for the period ended December 31, 2015, and their report, dated June 30, 2016, has been previously issued under separate cover.

University Hospitals Authority consists of The University Hospital and Children's Hospital of Oklahoma, and their related clinics and other services. The Authority is affiliated with the University of Oklahoma Health Sciences Center whose medical school residents and staff provide patient care, in-service education, and certain administrative duties for the benefit of the Authority. The Authority is governed by a six-member board consisting of appointees of the governor, Speaker of the House of Representatives, and the president pro tempore of the Senate, and officials from the State Medicaid Program, the University of Oklahoma Health Sciences Center and the Authority. A financial benefit/burden relationship exists between the state and the Authority. The Authority was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 11, 2016, has been previously issued under separate cover.

Oklahoma Development Finance Authority provides financing for both public and private entities in the state. The Authority obtains funds through the issuance of bonds and notes. Private entities qualifying for financing are generally agricultural, civic, educational, health care, industrial, or manufacturing enterprises. Financing is also provided to governmental agencies and instrumentalities of the state. The Governing Board, appointed by the governor, with the advice and consent of the Senate, is comprised of seven members: one person selected from each of the six Congressional Districts of the state as they existed in 1960 and the Director of the Department of Commerce. The state can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 20, 2016, has been previously issued under separate cover.

Oklahoma Capital Investment Board assists the state with industrial development by mobilizing equity and near-equity capital making investments for the potential creation of jobs and growth that will diversify and stabilize the economy. The Board of Directors is comprised of five members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the Board by its ability to veto or modify the Board's decisions. The Board, in order to mobilize investments, owns the Oklahoma Capital Formation Company LLC (OCFC), a formerly independent corporation. During fiscal year 2006, the Board purchased 100% of the ownership of the OCFC. In fiscal year 2007, OCFC changed its corporate structure and name from a corporation to an Oklahoma limited liability company (LLC). Operations of the OCFC are included in the financial results of the Board. The Board was audited by other independent auditors for the year ended June 30, 2016, and their report, dated September 7, 2016, has been previously issued under separate cover.

Oklahoma State University Medical Authority is affiliated with the Oklahoma State University (OSU) Center for Health Sciences to provide funding, teaching and training for graduate medical students. It also serves as a site for conducting medical research by faculty and providing patient care. The board is governed by seven members which consists of the following: a member appointed by the governor, with the advice and consent of the Senate, a member appointed by the president pro tempore of the Senate, a member appointed by the Speaker of the House of Representatives, the Chief Executive Officer (CEO) of the Oklahoma Health Care Authority, or his or her designee, the president of the OSU Center for Health Sciences, CEO of the Oklahoma State University Medical Authority and an appointee of the president of Oklahoma State University. A financial benefit/burden exists between the Authority and the state. The Authority was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 28, 2016, has been issued under separate cover. In October 2013, Oklahoma State University Medical Trust, Oklahoma State University Medical Center Trust, and the Authority entered into a Tripartite

Agreement and Plan of Merger. Under the terms of the merger agreement the Oklahoma State University Medical Center Trust merged with the Oklahoma State University Medical Trust. Oklahoma State University Medical Trust, the surviving entity, is deemed to be a component unit of the Authority due to the common governance.

FIDUCIARY COMPONENT UNITS

Six Public Employee Retirement Systems (PERS) administer pension funds for the state and its political subdivisions. The six PERS are subject to state legislative and executive controls and the administrative expenses are subject to legislative budget controls. These legally separate component units, while meeting the definition of a component unit, are presented in the fund financial statements along with other primary government fiduciary funds of the state. They have been omitted from the Government-Wide Financial Statements.

Separately issued independent audit reports are available even though they are excluded from the Government-Wide Financial Statements. They may be obtained from the Office of Management and Enterprise Services, 5005 North Lincoln Blvd., Suite 100, Oklahoma City, Oklahoma 73105, or the respective fiduciary component units at the addresses presented on the description page of the Combining Financial Statement section of this report.

Oklahoma Firefighters Pension and Retirement System provides retirement benefits for municipal firefighters. The System is administered by a board comprised of thirteen members: The president of the Professional Fire Fighters of Oklahoma, the president of the Oklahoma State Retired Fire Fighters Association, the State Insurance Commissioner, and the Director of the Office of Management and Enterprise Services (or their designee), the five members of the Board of Trustees of the Oklahoma Firefighters Association, and appointees by the Speaker of the House of Representatives, the president pro tempore of the Senate, and the president of the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 12, 2016, has been previously issued under separate cover.

Oklahoma Law Enforcement Retirement System provides retirement benefits for qualified law enforcement officers. The System is administered by a board comprised of thirteen members: The Assistant Commissioner of Public Safety, the Director of the Office of Management and Enterprise Services (or their designee), members of the Department of Public Safety, the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, and the Alcoholic Beverage Laws Enforcement Commission, and appointees by the governor, the Speaker of the House of Representatives, and the president pro tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 18, 2016, has been previously issued under separate cover.

Oklahoma Public Employees Retirement System administers the Oklahoma Public Employee Retirement Plan which provides retirement benefits for state, county and local employees. The board is comprised of thirteen members: the State Insurance Commissioner and the Director of the Office of Management and Enterprise Services (or their designee), a member of the Corporation Commission selected by the Corporation Commission, the Director of Human Capital Management of the Office of Management and Enterprise Services, a member of the Oklahoma Tax Commission selected by the Tax Commission, three appointees by the governor, one member appointed by the Supreme Court, two members appointed by the Speaker of the House of Representatives, and two members appointed by the president pro tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 20, 2016, has been previously issued under separate cover.

Uniform Retirement System for Justices and Judges is administered by the Oklahoma Public Employee Retirement System and provides retirement benefits for justices and judges. The Board of Trustees is comprised of thirteen members: a member of the Corporation Commission selected by the Commission, a member of the Tax Commission as selected by the Tax Commission, the Administrator of the Office of Personnel Management or designee, the State Insurance Commissioner or designee, and the Director of the Office of Management and Enterprise Services (or their designee). Of the remaining members, three are appointed by the governor, one is appointed by the Supreme Court, two are appointed by the Speaker of the House of Representatives and two are appointed by the president pro tempore of the Senate. The System was

audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 20, 2016, has been previously issued under separate cover.

Oklahoma Police Pension and Retirement System provides retirement benefits for police officers employed by participating municipalities. The System is administered by a Board comprised of thirteen members: Seven members elected from the seven Districts, the State Insurance Commissioner and the Director of the Office of Management and Enterprise Services (or their designee), and appointees by the governor, the Speaker of the House of Representatives, the president pro tempore of the Senate, and the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2016, and their report, dated September 19, 2016, has been previously issued under separate cover.

Teachers' Retirement System of Oklahoma provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions. The System is administered by a board consisting of 13 members appointed by the governor, with the advice and consent of the Senate, the president pro tempore of the Senate, and the Speaker of the House of Representatives. The System was audited by other independent auditors for the year ended June 30, 2016, and their report, dated October 31, 2016, has been previously issued under separate cover.

Related Organizations and Related Parties

Organizations, for which a primary government is accountable because the state appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations. The Oklahoma Ordinance Works Authority (OOWA) is a related organization of the state. The state appoints a voting majority of the Trustees of OOWA but has no further accountability.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information for all of the non-fiduciary activities of the Primary Government and its Component Units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from the legally separate Component Units for which the Primary Government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The state does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the state's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the state considers revenues to be available if they are collected within sixty days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the state's present appropriation system. These revenues have been accrued in accordance with GAAP since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure as it is utilized. Unused reimbursable leave following an employee's resignation or retirement that is unpaid at year end is recognized as an expenditure and a liability of the fund.
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a commitment of fund balance.
- Debt service expenditures and claims and judgments are recorded only when payment is due.

Proprietary Funds, Fiduciary Funds and Similar Component Units, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds and similar component units, and component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the state's enterprise funds are requisitioned from the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits, monthly premiums for self-funded insurance benefits provided to statutorily defined state employees by the Employees Group Insurance Department, interest revenue charges for loans made to local entities by the Oklahoma Water Resources Board (OWRB), and the sale of lottery tickets and related chance games by the Lottery Commission. The OWRB reports federal grants as both operating and nonoperating, depending on the types of grants received.

D. Fund Accounting

The financial activities of the state are recorded in individual funds, each of which is deemed to be a separate accounting entity. The state uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the state that are reported in the accompanying financial statements have been classified into the following major governmental and proprietary funds. In addition, a description of the fiduciary and component units follows:

1. Governmental Funds

General Fund - This fund accounts for all activities of the state not specifically required to be accounted for in other Funds. Included are transactions for services such as education, general government, health services, legal and judiciary, museums, natural resources, public safety and defense, regulatory services, social services, and transportation. Debt service transactions and related cash balances are reported in the General Fund with balances held to service imminent debt activity presented as a component of restricted fund balance.

Commissioners of the Land Office Permanent Fund – This fund accounts for the land and cash granted to the state by the United States Congress for the use and benefit of educational systems in Oklahoma. This fund's assets are held by the state and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact.

Department of Wildlife Conservation Permanent Fund – This fund accounts for moneys held in trust for the improvement and preservation of wildlife. The moneys have been accumulated from the sale of lifetime hunting and fishing licenses. This fund's assets are held by the state and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact.

Tobacco Settlement Endowment Permanent Fund – This fund accounts for certain moneys transferred from the General Fund that were received in settlement of claims by the state against tobacco manufacturers. The earnings from these moneys are to be utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. The principal must be preserved intact.

2. Proprietary Funds

These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

Employees Group Insurance Department of the Office of Management and Enterprise Services provides group health, life, dental, disability and other benefits to active state employees and local government employees, as well as varying coverages for active education employees and certain participants of the state's retirement systems, survivors, and persons covered by COBRA. Coverages are funded by monthly premiums paid by employers and employees.

Employment Security Commission Enterprise Fund - This fund accounts for the deposit of moneys requisitioned from the Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits and administrative costs.

Oklahoma Water Resources Board Enterprise Fund - This fund is comprised of Oklahoma Water Resources Board and the Department of Environmental Quality bond issues and revolving loan programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Oklahoma Lottery Commission Enterprise Fund – This fund operates the state-wide lottery program and related chance games, seeking to generate additional revenues for the benefit of the state's educational system.

3. Fiduciary Funds and Similar Component Units

The state presents as fiduciary funds those activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations or other governmental units.

Pension Trust Funds - These Funds account for the transactions, assets, liabilities, and net position of the Wildlife Conservation Retirement Plan in the Primary Government, and six Public Employee Retirement Systems (PERS) that meet the definition of a component unit of the state.

Agency Funds - These Funds account for the assets held for distribution by the state as an agent for other governmental units, other organizations or individuals.

4. Component Units

These entities are legally separate from the state but are considered part of the reporting entity. These Funds meet the definition of both a component unit and that of an enterprise fund as previously described. The six Public Employee Retirement Systems (PERS) meet the definition of a component unit, but are presented with the other fiduciary funds of the state.

5. Financial Statement Reporting Periods

The accompanying financial statements of the state are presented as of June 30, 2016, and for the year then ended, except for the following funds and entities which were audited by other independent auditors.

Multiple Injury Trust Fund	12-31-15
Employees Group Insurance Department	12-31-15
Oklahoma Turnpike Authority	12-31-15
Grand River Dam Authority	12-31-15
Oklahoma Municipal Power Authority	12-31-15
Oklahoma Housing Finance Agency	09-30-15

E. Budgeting and Budgetary Control

The state's annual budget is prepared on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if expected to be presented for payment by November 15 following the end of the fiscal year and as a component of either restricted or committed fund balance for GAAP purposes. Since the budgetary basis differs from GAAP, budget and actual amounts in the accompanying Required Supplementary Information – Budgetary Schedules are presented on the budgetary basis. A reconciliation of revenues in excess of (less than) expenditures and other financing sources (uses) on a budgetary basis at June 30, 2016 to revenues in excess of (less than) expenditures and other financing sources (uses) presented in conformity with GAAP is set forth in the Notes to Required Supplementary Information.

The governor prepares and submits to the Legislature at the beginning of each annual legislative session a balanced budget based on budget requests prepared by the various state agencies. The General Fund is the only Fund for which an annual budget is legally adopted. Budgeted expenditures cannot exceed the amount available for appropriation as certified by the State Board of Equalization. The Legislature may modify the governor's proposed budget as it deems necessary and legally enacts an annual state budget through the passage of appropriation bills. The governor has the power to approve or veto each line item appropriation.

The legal level of budgetary control is maintained at the line item level (i.e., General Operations, Duties, etc.) identified in the appropriation acts. Budgets may be modified subject to statutory limits on transfers. The Secretary of State Finance, Administration, and Information Technology can approve transfers of up to 25% between line items. The Contingency Review Board (a three-member board comprised of the governor, the president pro tempore of the Senate, and the Speaker of the House of Representatives) can approve transfers between line items of up to 40%. All transfers are subject to review by the Joint Legislative Committee on Budget and Program Oversight to determine if the transfer tends to effectuate or subvert the intention and objectives of the Legislature.

Current policy allows agencies to use unexpended moneys for one-time purchases or non-recurring expenditures in the next fiscal year. This policy provides an incentive for agency managers to distribute resources efficiently; however, it is subject to annual approval by the Legislature. Unexpended balances not carried forward to the new fiscal year by November 15 may: 1) lapse to unrestricted balances and be available for future appropriation, 2) lapse to restricted balances and be available for future appropriations restricted for specific purposes as defined by statute, or 3) be non-fiscal, and may be spent from one to thirty months from the date of appropriation.

If funding sources are not sufficient to cover appropriations, the Secretary of State Finance, Administration, and Information Technology is required to reduce the budget by the amount of such deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental appropriation. All fiscal year 2016 appropriated line items were within their authorized spending level.

F. Cash and Cash Equivalents

The state uses a pooled cash concept in maintaining its bank accounts. All cash is pooled for operating and investment purposes and each fund has relative equity in the pooled amount. For reporting purposes, cash and related time deposits have been allocated to each fund based on its equity in the pooled amount. Interest earned on investments is allocated to the General Fund except for those investments made specifically for the proprietary fund type, fiduciary fund type,

proprietary component units, and higher education component unit, for each of which investment revenue is allocated to the investing fund.

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the state in each such institution. The State Treasurer also promulgates all rules and regulations regarding the amount of collateral securities that must be pledged to secure public deposits.

The Oklahoma Employment Security Commission Trust Fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. As required by Federal Law, all resources not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest from these resources is retained in the Fund.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less that are readily convertible to cash.

G. Investments

Investments, which may be restricted by law or legal instruments, are under control of either the State Treasurer or other administrative bodies as determined by law.

Generally accepted accounting principles establish a fair value hierarchy for the determination and measurement of fair value. This hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy generally is as follows:

1. Level 1 - Unadjusted quoted prices in active markets for identical assets.
2. Level 2 - Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.
3. Level 3 - Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

H. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts.

Governmental fund type receivables consist primarily of amounts due from the Federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Taxes receivable in governmental funds represent taxes subject to accrual, primarily income taxes and sales taxes, which are collected within sixty days after year end. Lease payments receivable in the General Fund consists primarily of capital lease payments due for equipment and railroad lines owned by the Department of Transportation. Collectability of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Taxes receivable in enterprise funds represents unemployment taxes due at year end, net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

I. Inter/Intrafund Transactions

Interfund Transactions - The state has two types of interfund transactions:

- Services rendered transactions are accounted for as revenues and expenditures or expenses in the funds involved.
- Operating appropriations/subsidies are accounted for as transfers in the funds involved.

Intrafund Transactions - Intrafund transfers, as a result of contracts among departments and/or agencies within the same fund, are considered expenditures by the contractor and revenues by the contractee for budgetary purposes. The Required Supplementary Information – Budgetary Schedules includes these transactions. However, as a general rule recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis Government-Wide Financial Statements. A portion of motor fuel excise taxes collected on fuels consumed on the state's turnpikes is made available to the Oklahoma Turnpike Authority (OTA) from the Oklahoma Tax Commission. These taxes are apportioned to OTA monthly to fund debt service, but only to the extent amounts are not otherwise available to OTA. If the motor fuel excise taxes apportioned

to OTA are not needed in the month of apportionment, the taxes are transferred to the Department of Transportation (DOT). Before these monthly transfers were mandated, a balance owed to DOT had accumulated and at year end this balance is presented as a noncurrent Due to Other Funds on the financial statements of OTA.

J. Inventories and Prepaid Expenses

Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Generally, inventories are valued at cost and predominantly on either the first-in first-out or weighted average basis. Inventories of federal surplus properties are valued at a percentage of federal acquisition cost. General Fund inventories are recorded as expenditures when consumed rather than when purchased by recording adjustments to the inventory account on the balance sheet. The General Fund inventories on hand at year-end are reflected as a component of nonspendable fund balance on the balance sheet, except for \$1,568,000 in food commodities which is recorded as inventory and deferred revenue. Upon distribution, the food commodities are recognized as revenues and expenditures of the General Fund.

The value of the inventory of food commodities in the General Fund is calculated by using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The value of the inventory of food stamps in the General Fund is valued at coupon value.

Higher education component unit inventories are stated at the lower of cost or market, with cost being determined on either the first-in first-out or average cost basis.

Prepaid expenses are recorded using the "purchases method," meaning that they are initially recorded as expenditures. At fiscal year-end, significant amounts of prepaid expenditures are shown as a component of nonspendable fund balance, indicating they do not constitute available expendable resources.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (which are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements. Capital assets are defined by the state as assets which have a cost of \$25,000 or more at the date of acquisition and have an expected useful life of five or more years. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at their fair market value at the date of donation.

The estimates of historical costs of buildings and other improvements were based on appraised value, as of August 4, 1994, indexed to the date of acquisition. Infrastructure constructed prior to July 1, 2000 has been recorded at estimated historical cost. The estimated historical cost for years 1916-2000 was based on capital outlay expenditures reported by DOT and the Federal Highway Administration, less an amount estimated for the historical cost of the acquisition of land for right-of-way. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. Interest incurred during construction of capital facilities is not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component unit's financial statements.

Capital assets of the Primary Government and the component units are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

Machinery and Equipment	3 - 20 years
Buildings and Other Improvements	7 - 60 years
Infrastructure	30 years

Collections and works of art are not included in capital assets of the Primary Government on the Statement of Net Position. GASB Statement No. 34 does not require capitalization of collections if they meet all of the following criteria; held for public exhibition, education, or research in furtherance of service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that requires the proceeds from sales of

collection items to be used to acquire other items for collections. The state elected not to capitalize collections and works of art since they meet all of the above conditions.

L. Other Assets

Included in other assets (noncurrent for component units) are costs to be recovered from future revenues. Certain items included in the operating costs of Grand River Dam Authority, an unregulated enterprise, are recovered through rates set by the Board of Directors. Recognition of these costs, primarily depreciation on debt funded capital assets, amortization of debt discount and expense, and amortization of losses on advance refunding of long-term debt, is deferred to the extent that such costs will be included in rates charged in future years. The Oklahoma Municipal Power Authority (OMPA) enters into power sales contracts with participating municipalities that provide for billings to those municipalities for output and services of the projects. Revenues from these contracts provide for payment of current operating and maintenance expenses (excluding depreciation and amortization), as well as payment of scheduled debt principal and interest, and deposits into certain funds as prescribed in the bond resolutions. For financial reporting purposes, OMPA currently recognizes depreciation of assets financed by bond principal and amortization expense. The difference between current operating expenses and the amounts currently billed under the terms of the power sales contracts are delayed to future periods in which these amounts will be recovered through revenues.

M. Unearned Revenue

Unearned revenues at the fund level arise when potential revenue does not meet the available criterion for recognition in the current period. Available is defined as due (or past due) at June 30, and collected within sixty days thereafter to pay obligations due at June 30. Unearned revenues also arise when resources are received by the state before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the state has a legal claim to the resources, the liability for unearned revenue is removed from the combined statement of net position, and revenue is recognized. Unearned revenues at the government-wide level arise only when the state receives resources before it has a legal claim to them. Also included in unearned revenue at both levels are the undistributed food commodity inventories.

N. Compensated Absences

Employees earn annual vacation leave at the average rate of 10 hours per month for the first 5 years of service, 12 hours per month for service of 5 to 10 years, 13.33 hours per month for service of 10 to 20 years, and 16.67 hours per month for over 20 years of service. Unused annual leave may be accumulated to a maximum of 240 hours for employees with less than 5 years of continuous service or 480 hours for employees with 5 years or more of continuous service. All accrued annual leave is payable upon termination, resignation, retirement, or death. The governmental fund financial statements record expenditures when employees are paid for leave. The government-wide financial statements present the cost of accumulated vacation leave as a liability. The liability is valued based on current rate of pay. There is no liability for unpaid accumulated sick leave since the state does not have a policy to pay this amount when employees separate from service.

O. Risk Management

The Risk Management Department of the Office of Management and Enterprise Services is responsible for the acquisition and administration of all insurance purchased by the state, or administration of any self-insurance plans and programs adopted for use by the state or for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Risk Management Department is authorized to settle claims of the state and oversee the dispensation and/or settlement of claims against a state political subdivision. In no event shall self-insurance coverage exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act. The Risk Management Department oversees the collection of liability claims owed to the state incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Risk Management Department is also charged with the responsibility to immediately notify the Attorney General of any claims against the state presented to Risk Management.

P. Federal Grants

In addition to monetary transactions, federal grants also include non-monetary transactions for surplus inventory, food stamps, food, and other commodities. Surplus inventory is valued at a percentage of government acquisition cost. Food stamps are valued at coupon value. Commodities are valued at their federally reported value in the General Fund.

Q. Long-Term Obligations

Premiums, Discounts and Issuance Costs – In the government-wide financial statements, long-term debt and other long-term obligations are presented in the columns for governmental and business-type activities. The same is presented in the Proprietary Fund Financial Statements. Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported in the period incurred.

In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the period incurred.

Arbitrage Rebate Liability – The enterprise funds and component units account for any arbitrage rebate payable as a liability of the fund.

R. Governmental Activities

Per a review of state agencies, it was determined that the activities of the Oklahoma Health Care Authority, Department of Veteran Affairs, and the J.D. McCarty Center were more accurately reflected in the Health Services function of government instead of Social Services. Beginning with the fiscal year ended June 30, 2005, these agencies are reported as a function of Health Services. This will affect the comparability of activities with years prior to 2005.

S. Governmental Fund – Fund Balance

The governmental fund financial statements present fund balance at the aggregate level of detail within the categories defined by GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Refer to Note 12 for further discussion.

T. Deficit Fund Balance – Multiple Injury Trust Fund/Oklahoma Capital Investment Board

The Multiple Injury Trust Fund (MITF), a component unit, continues to operate in a deficit situation. MITF had total net liabilities (negative net position) of \$397,280,000 at December 31, 2015. Legislation was passed in May 2000 providing new funding for MITF through an assessment on gross premiums on workers compensation policies written by insurance carriers and an assessment on disability awards paid by self-insured employers, and further limits future awards against MITF to claimants that timely filed injury claims that occurred before June 1, 2000, against their employer. These claimants have no time limitation for filing against MITF. No new claims related to injuries subsequent to June 1, 2000, can be filed. Funding is to continue until the Workers' Compensation Commission has certified that there are sufficient funds to satisfy all outstanding obligations of MITF.

The Oklahoma Capital Investment Board (OCIB), a component unit, operated at a deficit for the fiscal year. In fiscal year 2006, the OCIB purchased 100% of the ownership of the Oklahoma Capital Formation Company LLC (OCFC), a formerly blended entity. This purchase brought on the long-term liabilities of the OCFC, and as a result, puts the OCIB in a negative net asset position. For the fiscal year ended June 30, 2016, the OCIB had negative net position of \$3,129,000. The OCIB takes a long-term approach to economic stimulation, and it is anticipated that a negative net position balance could persist well into the future.

U. Pollution Remediation Obligations

During the fiscal year ended June 30, 2016, it was determined that several agencies incurred expenses of \$3,406,000 for pollution obligations related to hazardous material on highways and asbestos removal, where clean-up is generally required to comply with federal regulations. This type of remediation is generally a control obligation performed as part of current operations during road construction or building renovation. There was also a liability incurred of \$6,628,000 which is included in accounts payable on the government-wide financial statements.

Pollution remediation obligation is determined by the agency responsible for performing the remediation. These estimates are subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. There are currently no expectations of cost recoveries from ongoing projects.

Note 2. Deposits and Investments

The state treasurer maintains two investment portfolios. The treasurer's portfolio is used to manage the investments of all state moneys that are under the control of the treasurer where earnings accrue to the General Fund of the state. The State Agency Portfolio is used for the investment of a limited number of state agencies specifically authorized by statute to direct the activities of certain funds and accounts where the earnings accrue to those funds and accounts. Ancillary to the treasurer's portfolio is an internal investment pool, OK INVEST, for all state funds and agencies that are considered part of the State of Oklahoma. All cash balances held through the state treasurer for the Primary Government, Component Units and Fiduciary Funds earn a return through the OK INVEST pool program.

In accordance with statutes, the state treasurer's investment policy allows for investments in the following categories:

United States Treasury Bills, Notes and Bonds	Collateralized or insured certificates of deposit
United States Government Agency Securities	Negotiable certificates of deposit
Prime Banker's acceptances	Prime commercial paper
Investment grade obligations of state and local governments	Repurchase agreements
Short-term bond funds	Money market funds
Foreign bonds	

The state treasurer's investment policy attempts to reduce portfolio risk through diversification by security, institution and maturity. With the exception of U.S. Treasury securities, no more than 50% of the state's total funds available for investment will be invested in a single security or with a single financial institution. In addition, the treasurer's investments will not have an average maturity greater than 4 years unless otherwise specifically designated by the treasurer. The following table outlines the state treasurer's diversification limits designed to control various types of risk:

Investment Type	Percentage of Total Invested	Percentage of Total by Issuer	Maturity Limit	Rating
Treasuries	No Limit	No Limit	10 Years	Aaa,AAA
U.S Government Agency Securities	50%	35%	10 Years	Aaa,AAA
U.S. Government Agency Mortgage Backed Securities	45%	No Limit	7 Years	Aaa,AAA
Collateralized or Insured Certificates of Deposit	Limit of \$35 Million per financial institution		365 Days	N/A
Negotiable Certificates of Deposit	7.5%	2.5%	180 Days	A-1 & P-1
Bankers Acceptance	7.5%	2.5%	270 Days	A-1 & P-1
Commercial Paper	7.5%	2.5%	180 Days	A-1 & P-1
State and Local Government Obligations	10%	5.0%	30 Years	Securities must not be less than investment grade at purchase
Repurchase and Tri-party Repurchase Agreements	30%	10%	14 Days	A-1
Money Market Mutual Funds	30%	10%	N/A	AAAm
Foreign Bonds	2.5%	Must be listed as an industrialized country by the International Monetary Fund	5 Years	A-/A3 or better

The Primary Government's three permanent funds, Commissioners of the Land Office, Department of Wildlife Lifetime Licenses and the Tobacco Settlement Endowment all have investment goals and horizons that differ from the state

treasurer. Accordingly, the investment policies for the permanent funds allow for broader classes of investments as well as extended dates of maturity.

The Employment Security Commission, Water Resources Board, Office of Management and Enterprise Services-Employees Group Insurance Department (EGID) and Lottery Commission are the four business-type activities within the Primary Government. These agencies generally have investment policies that correlate to the operations and services that they perform. The Employment Security Commission generally will not invest outside of U.S. Government securities and typically maintains deposit balances only. The Water Resources Board, EGID and Lottery Commission all operate with longer investment horizons and, as part of normal operations, will attempt to match maturities of investments with the approaching maturity of liabilities.

Due to the nature of the internal investment pool, ownership of investments cannot be assigned to individual funds, including the Pension Trust Funds and Component Units. The investment pool also holds securities purchased with cash collateral from securities lending, which are not assigned to individual funds. For these reasons, total investments will not agree to the financial statements for the Primary Government. The following table details the investments held by the Primary Government at June 30, 2016 (expressed in thousands):

Investments - Primary Government				
Investment Type	Government Administration	Permanent Funds	Business-Type Activities	Total Primary Government
POOLED INVESTMENTS				
US Agency & Treasury	\$ 4,828,579	\$ 14,323	\$ -	\$ 4,842,902
Money Market Mutual Funds	-	30,573	-	30,573
Securities Lending Collateral Pool	-	122,292	-	122,292
Mutual Funds	2,152	26,756	-	28,908
Certificates of Deposit & Commercial Paper	207,051	-	-	207,051
State & Muni Bond Issues	154,607	502	-	155,109
NON-POOLED INVESTMENTS				
US Agency & Treasury	352	418,767	261,217	680,336
Domestic Corporate Bonds	-	728,577	108,467	837,044
Foreign Corporate Bonds	50,002	175,792	-	225,794
Domestic Equities	22,740	1,231,756	91,834	1,346,330
Foreign Equities	-	150,305	-	150,305
Other	-	430,257	74,195	504,452
Money Market Mutual Funds	168	-	-	168
Totals	\$ 5,265,651	\$ 3,329,900	\$ 535,713	\$ 9,131,264

The Primary Government categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Primary Government used the Market Approach for valuation purposes. The following table details the fair value of investments held by the Primary Government at June 30, 2016 (expressed in thousands):

		Primary Government Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Amounts Measured At Fair Value			
Investments Measured by Fair Value				
Debt Securities				
US Treasury, Agency and Municipal Securities	\$ 5,678,347	461,673	5,216,182	492
Certificates of Deposit & Commercial Paper	207,051	-	207,051	-
US Corporate Debt	837,044	108,757	726,042	2,245
Foreign Corporate Bonds	225,794	138,441	87,353	-
Equity Securities				
US Domestic Equities	1,346,330	1,231,463	114,828	39
Foreign Equities	150,305	147,185	-	3,120
Mutual Funds	28,908	28,908	-	-
Other	504,452			
Total Investments Measured at Fair Value	\$ 8,978,231			
Investments Measured at Amortized Cost	\$ 30,741			
Investments Measured at Net Asset Value (NAV)	\$ -			

Fiduciary Funds and Similar Component Units

The Fiduciary Funds of the state have investment goals that vary significantly from the Primary Government. Due to the long term nature of these funds, investment options are broader and maturities can be longer than that of the Primary Government. These funds generally have investment policies allowing for investments in stocks, bonds, fixed income securities and other investment securities including commingled, mutual and index funds. Generally policies allow for a portion of investments to be held in securities of foreign companies and countries. Policies also allow for portions of the total portfolio to be held in derivatives and derivative like investments such as U.S. Treasury Strips, collateralized mortgage obligations, convertible securities and variable rate instruments.

The Fiduciary Funds categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. The following table details the fair value of investments held by the Fiduciary Funds at June 30, 2016 (expressed in thousands):

		Pension Trust Funds Fair Value Measurements at Reporting Date Using		
	Amounts Measured At Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured by Fair Value				
Debt Securities				
US Treasury, Agency and Municipal Securities	\$ 3,104,965	981,545	2,123,420	-
US Corporate Debt	2,870,387	-	2,864,554	5,833
Foreign Corporate Bonds	765,019	-	629,529	135,490
Equity Securities				
US Domestic Equities	11,891,611	9,302,510	2,587,905	1,196
Foreign Equities	1,325,689	212,244	360,592	752,853
Other	595,957	-	-	595,957
Total Investments Measured at Fair Value	\$ 20,553,628			
Investments Measured at Amortized Cost	\$ 2,579			
Investments Measured at Net Asset Value (NAV)	\$ 6,327,128			

Component Units

The Component Units of the state have varied investment goals based on the demands of their specific enterprise, and commonly have investment policies that allow for broader asset classes and longer maturities than that of the Primary Government. Various finance authorities invest in an attempt to match targeted returns to the maturity of liabilities. The Higher Education Component Unit is comprised of numerous foundations that invest in order to maximize gains for the institutions that they support. These foundations may also hold assets of different classes as part of donor restrictions and covenants. The Component Units categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. The following table details the fair value of investments held by Component Units at June 30, 2016 (expressed in thousands):

		Component Units Fair Value Measurements at Reporting Date Using		
	Amounts Measured At Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured by Fair Value				
Debt Securities				
US Treasury, Agency and Municipal Securities	\$ 1,305,922	1,185,244	120,678	-
US Corporate Debt	154,580	129,995	10,240	14,345
Foreign Corporate Bonds	24,661	24,661	-	-
Equity Securities				
US Domestic Equities	1,055,808	936,445	983	118,380
Foreign Equities	84,788	84,788	-	-
Other	1,403,453	503,633	364,813	535,007
Total Investments Measured at Fair Value	\$ 4,029,212			
Investments Measured at Amortized Cost	\$ 454,847			
Investments Measured at Net Asset Value (NAV)	\$ 947,020			

A. Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the state will not be able to recover the value of its investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, not registered in the name of the state, or held by the counterparty or its trust department but not in the state's name.

Primary Government

The state treasurer requires that financial institutions deposit collateral securities to secure the deposits of the state in each such institution. The amount of collateral securities to be pledged for the security of public deposits is established by rules promulgated by the state treasurer. In accordance with the Office of State Treasurer's policies, the collateral securities to be pledged by financial institutions through the State Treasurer's Office are pledged at market value and must be at 110% of value to collateralize the amount on deposit, less any federal insurance coverage. All investments held by the state treasurer are insured, registered, or held in the name of the state treasurer.

As of June 30, 2016, the Primary Government's bank balances of deposits are fully insured or collateralized with securities held by an agent of the state in the state's name. In addition to these deposits, the state has approximately \$1,082,407,000 on deposit with the U.S. Government. These funds represent unemployment insurance taxes collected

from Oklahoma employers that are held by the U.S. Treasury. The book value of deposits does not materially differ from the bank balance.

Fiduciary Funds and Similar Component Units

The Pension Trust Funds, fiduciary component units of the state, have investment policies that do not specifically address custodial credit risk of deposits and investments. However, each Pension Trust Fund utilizes multiple investment managers and limits cash and short-term investments to no more than 5% of each investment manager's portfolio. At June 30, 2016, the Pension Trust Funds had deposits and cash equivalents of \$638,915,000 of which \$21,835,000 were uninsured and uncollateralized.

Component Units

Generally, the Component Units of the state have investment policies that do not specifically address or limit custodial credit risk of deposits and investments. All Component Units typically follow the diversification and securitization of deposit policies defined by the state treasurer in an effort to minimize custodial credit risk.

B. Credit Risk

Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the debt instrument issuer's ability to meet its obligation. The state, its Fiduciary Funds and Component Units utilize the credit quality ratings issued by Moody's, Standard and Poor's, or Fitch in determining the risk associated with its fixed-income investments. Obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government are not considered to have credit risk. Certain debt instruments are commingled investments that do not have an applicable credit risk rating. These investments are presented as not rated in the accompanying tables.

Primary Government

As outlined in an earlier table, the state treasurer seeks to hold investments with a rating of A or higher as rated by Moody's. Generally, the Permanent Funds and the business-type activities seek to maintain the same or higher rating. The Water Resources Board, which has a high concentration of investments with one issuer, requires that issuer to maintain an average credit rating of AA or higher. Should this issuer's rating fall below AA, it is required to collateralize the guaranteed investments sufficient to maintain an AA rating on the contracts. At June 30, 2016, the Primary Government had the following investments subject to credit risk (expressed in thousands):

Credit Risk - Primary Government

Investment Rating Moody's/S&P/Fitch	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	\$ 357,509	\$ -	\$ 60,296	\$ -	\$ 417,805
Aa/AA/AA	5,064,438	-	17,062	1,503	5,083,003
A/A/A	19,243	1,545	70,477	29,699	120,964
Baa/BBB/BBB	3,924	2,504	238,915	56,697	302,040
Ba/BB/BB	-	3,705	169,794	42,162	215,661
B/B/B	-	1,367	164,481	21,547	187,395
Caa/CCC/CCC	-	-	33,566	4,167	37,733
Ca/CC/CC	-	-	1,145	352	1,497
C/C/C	-	-	91	-	91
D/D/D	-	-	13	-	13
Not Rated/Not Applicable	11,949	-	112,447	60,546	184,942
Total	\$ 5,457,063	\$ 9,121	\$ 868,287	\$ 216,673	\$ 6,551,144

Fiduciary Funds and Similar Component Units

The Pension Trust Funds typically hold a significant portion of assets in the form of debt instruments. Each Pension Trust Fund has an investment policy governing their credit risk exposure. Generally, at the time of purchase, investments in domestic fixed-income investments must carry the highest rating either Aaa, (Moody's) or AAA, (S&P, Fitch) as determined by the national rating organizations. International debt instruments must be Baa or BBB at the time of purchase. Overall, each investment policy generally requires that an average credit quality rating of A or higher be maintained for total debt instrument holdings. At June 30, 2016, the Pension Trust Funds had the following credit risk exposure (expressed in thousands):

Credit Risk - Pension Trust Funds

Investment Rating Moody's/S &P/Fitch	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	\$ 2,583,564	\$ -	\$ 428,849	\$ 8,869	\$ 3,021,282
Aa/AA/AA	54,346	-	147,387	22,047	223,780
A/A/A	14,522	-	410,485	27,678	452,685
Baa/BBB/BBB	-	-	912,838	23,141	935,979
Ba/BB/BB	-	-	535,671	19,099	554,770
B/B/B	-	-	358,211	1,841	360,052
Caa/CCC/CCC	-	-	89,299	-	89,299
Ca/CC/CC	-	-	3,176	-	3,176
D/D/D	-	-	8,276	-	8,276
Not Rated/Not Applicable	709,800	-	369,167	269,372	1,348,339
Total	\$ 3,362,232	\$ -	\$ 3,263,359	\$ 372,047	\$ 6,997,638

Component Units

The Component Units usually hold a significant portion of their respective portfolios in debt instruments. Each Component Unit has an investment policy governing credit risk. As a general rule, the Component Units have more liberal investment policies than the Primary Government that allow for greater levels of credit risk regarding debt securities. Foundations within the Higher Education Component Unit also hold a significant portion of their total debt portfolio as either bond funds or money market mutual funds. These debt instruments are generally pooled or commingled investments and are not subject to credit risk disclosures. Investments in U.S. Government securities are not subject to credit risk. At June 30, 2016, the Component Units had the following credit risk exposure (expressed in thousands):

Credit Risk - Component Units

Investment Rating Moody's/S&P/Fitch	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	\$ 1,151,127	\$ -	\$ 24,807	\$ -	\$ 1,175,934
Aa/AA/AA	22	-	16,990	-	17,012
A/A/A	-	-	53,847	-	53,847
Baa/BBB/BBB	-	-	530	-	530
D/D/D	-	-	75,440	-	75,440
Not Rated/Not Applicable	151,505	-	441,081	39,845	632,431
Total	\$ 1,302,654	\$ -	\$ 612,695	\$ 39,845	\$ 1,955,194

C. Concentration of Credit Risk

Primary Government

The state treasurer's investment policy seeks to mitigate concentration of credit risk through targeted diversification limits as outlined earlier in this note. With the exception of US Treasury securities, no more than 50% of the state's total funds available for investment will be invested in a single security type or with a single financial institution. The Water Resources Board, a business-type activity of the Primary Government, has no policy limiting amounts that may be invested in one issuer.

D. Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration is a measure of a debt instrument's exposure to fair value changes arising from changes in interest rates based on the present value of future cash flows, weighted for those cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes. The state, its Fiduciary Funds, and Component Units use either duration, modified duration or weighted average years outstanding as the standard measures for assessing interest rate risk. Generally, the longer the duration or years outstanding, the greater sensitivity an investment has to interest rate risk.

Primary Government

As outlined in a previous table, the state treasurer follows an investment policy seeking to keep the average maturity for its entire portfolio to less than four years. The Permanent Funds and the business-type activities of the Primary Government do not have the same liquidity demands as the treasurer, and as a matter of policy are not as restrictive regarding maturities. At June 30, 2016, the Primary Government had the following investments with maturities (expressed in thousands):

Interest Rate Risk - Primary Government					
Weighted Average Years to Maturity	US Treasury, Agency and Municipal Securities	International Government Instruments	US Corporate Debt Instruments	International Debt Instruments	Total
Less than 1 year Weighted Average to Maturity	\$ 2,568,951	\$ -	\$ 168	\$ -	\$ 2,569,119
1 - 5 years	2,805,371	-	774,106	78,232	3,657,709
6 - 10 years	53,143	-	63,440	138,441	255,024
10 or more years	29,598	9,121	-	-	38,719
No Maturity or Not Applicable	-	-	30,573	-	30,573
Total	\$ 5,457,063	\$ 9,121	\$ 868,287	\$ 216,673	\$ 6,551,144

Fiduciary Funds and Similar Component Units

The Pension Trust Funds generally do not have a formal investment policy on interest rate risk. However, interest rate risk is generally controlled through diversification of portfolio management styles. Each Pension Trust Fund reviews the performance of each investment manager, and monitors the interest rate risk as part of the performance assessment. At June 30, 2016, the Pension Trust Funds had the following exposure to interest rate risk (expressed in thousands):

Interest Rate Risk - Pension Trust Funds					
Duration or Weighted Average Years	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Less than 1 year duration	\$ 7,231	\$ -	\$ 6,669	\$ 7,955	\$ 21,855
1 - 5 years	651,716	-	2,319,492	24,512	2,995,720
6 - 10 years	334,313	-	617,636	38,748	990,697
10 or more years	2,063,790	-	135,897	38,609	2,238,296
No Duration	305,182	-	183,665	262,223	751,070
Total	\$ 3,362,232	\$ -	\$ 3,263,359	\$ 372,047	\$ 6,997,638

Component Units

The state's Component Units typically have board approved investment policies designed to manage exposure to fair value losses that arise from interest rate risk. The policies of the various Component Units can differ significantly since each investment policy is designed to match the portfolio objectives for that Component Unit. A substantial portion of the Component Units' holdings in debt instruments is in money market mutual funds and bond mutual funds with demand maturities which are presented below as not having an applicable maturity. On June 30, 2016, the Component Units had the following interest rate risk exposure (expressed in thousands):

Interest Rate Risk - Component Units						
Weighted Average Years to Maturity	US Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total	
Less than 1 year Weighted Average to Maturity	\$ 438,221	\$ -	\$ 179,685	\$ -	\$ 617,906	
1 - 5 years	553,220	-	127,519	-	680,739	
6 - 10 years	81,008	-	17,358	-	98,366	
10 or more years	50,920	-	5,946	-	56,866	
No Maturity or Not Applicable	179,285	-	282,187	39,845	501,317	
Total	\$ 1,302,654	\$ -	\$ 612,695	\$ 39,845	\$ 1,955,194	

E. Foreign Currency Risk

Foreign Currency Risk is the risk that changes in currency exchange rates will adversely affect the fair value of a deposit or investment. The state, its Fiduciary Funds and Component Units typically make investments in foreign securities to achieve an additional level of diversification within the various portfolios under management. Foreign currencies held as cash and cash equivalents are usually held to limit losses in foreign investments due to fluctuations in currency values.

Primary Government

The General Government is not invested in securities that are exposed to foreign currency risk; however, the Permanent Funds have policies that will typically allow a portion of the total portfolio to be invested in international securities in an effort to improve diversification and total returns. The business-type activity's investing policies do not specifically address foreign investments, and they will typically not hold any international securities. At June 30, 2016, the Primary Government had the following foreign currency risk (expressed in thousands):

Foreign Currency Risk - Primary Government

Currency	Equities	Debt Instruments	Cash and Equivalents	Total
Australian dollar	\$ 2,972	\$ 499	\$ 112	\$ 3,583
Argentine peso	-	944	-	944
Armenian dram	-	214	-	214
Brazilian real	4,949	3,065	142	8,156
British pound sterling	21,924	6,383	371	28,678
Bermuda dollar	4,255	1,204	-	5,459
Canadian dollar	6,701	3,063	-	9,764
Cayman dollar	6,817	1,679	-	8,496
CFA franc becao	-	216	-	216
Columbian peso	-	1,265	-	1,265
Euro	36,204	12,774	40	49,018
Hong Kong dollar	6,679	-	35	6,714
Indian rupee	2,003	-	-	2,003
Indonesian rupiah	1,548	1,326	-	2,874
Japanese yen	23,546	-	-	23,546
Kenyan shilling	-	194	-	194
Lempira	-	218	-	218
Mexican nuevo peso	-	2,465	219	2,684
Moroccan dirham	-	543	-	543
Netherlands Antillean guilder	-	331	-	331
New Israeli sheqel	8,002	-	-	8,002
New Taiwan dollar	4,031	-	-	4,031
Norwegian krone	3,882	-	-	3,882
Peruvian nuevo sol	-	290	-	290
Philippines peso	-	254	-	254
Russian ruble	-	424	-	424
South Korean won	1,461	-	-	1,461
Swedish krona	2,254	-	-	2,254
Swiss franc	11,145	-	-	11,145
Thai baht	1,932	-	-	1,932
Totals	\$ 150,305	\$ 37,351	\$ 919	\$ 188,575

Fiduciary Funds and Similar Component Units

The Pension and Other Employee Benefit Trust Funds generally have investment policies regarding limits on the amount of foreign securities that can be held within their respective portfolios. The Trust Funds have a significantly longer time frame for achieving their investment goals, and investments in foreign securities offer an additional level of diversification, as well as provide the opportunity for increased returns. Typically, holdings in foreign currencies are used to limit losses on foreign securities due to currency fluctuations. The Trust Funds had the following foreign currency risk at June 30, 2016 (expressed in thousands):

Foreign Currency Risk - Pension Trust Funds

Currency	Equities	Debt Instruments	Cash and Equivalents	Total
Australian dollar	\$ 92,619	\$ 13,997	\$ -	\$ 106,616
Bermudian dollar	3,564	-	-	3,564
Brazilian real	29,075	10,408	43	39,526
British pound sterling	523,953	15,449	207	539,609
Canadian dollar	65,106	-	8	65,114
Chilean peso	658	-	-	658
Chinese yuan	26,047	-	-	26,047
Columbia peso	-	2,502	-	2,502
Czech koruna	231	-	-	231
Danish krone	66,699	-	-	66,699
Euro	649,130	7,524	204	656,858
Hong Kong dollar	116,486	-	559	117,045
Hungarian forint	1,323	5,546	-	6,869
Indian rupee	3,115	1,190	-	4,305
Indonesian rupiah	13,772	6,677	-	20,449
Israeli shekel	10,865	-	-	10,865
Japanese yen	554,896	50	1,682	556,628
Malaysian ringgit	14,894	6,429	22	21,345
Mexican peso	22,475	40,585	220	63,280
New Taiwan dollar	72,220	-	-	72,220
New Turkish lira	-	-	79	79
New Zealand dollar	2,405	5,036	3	7,444
Norwegian krone	23,384	-	-	23,384
Philippines peso	5,614	-	-	5,614
Polish zloty	4,447	2,956	-	7,403
Qatari rial	2,992	-	-	2,992
Russian ruble	2,388	-	-	2,388
Singapore dollar	44,679	3	-	44,682
South African rand	40,558	4,699	-	45,257
South Korean won	83,726	4,893	8	88,627
Swedish krona	61,783	-	-	61,783
Swiss franc	183,973	(4)	74	184,043
Thai baht	22,695	-	108	22,803
Turkish lira	13,987	-	130	14,117
UAE dirham	1,949	-	-	1,949
Venezuelan bolivar	-	2,936	-	2,936
Totals	\$ 2,761,708	\$ 130,876	\$ 3,347	\$ 2,895,931

Securities Lending Definition

In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future.

Securities Lending Activity - Primary Government

State Statute Title 62, Section 90 authorizes the Office of the State Treasurer to participate in securities lending transactions. All securities held by J.P. Morgan, as trustee or custodian, may be lent in the securities lending program unless specifically excluded by the Office of the State Treasurer.

During the fiscal year ended June 30, 2016, securities lending agents lent primarily U.S. Government securities. Cash and U.S. Government securities were provided as collateral for the securities lent. Generally, collateral must equal at least 100% of the fair value of the securities loaned. At June 30, 2016, there were no securities on loan. The collateral balance of \$51,000,000 represents cash collateral that is invested in U.S. Government securities and is included as an asset on the balance sheet with an offsetting liability for the return of collateral.

At June 30, 2016, there was no credit risk exposure to borrowers because the amounts the Primary Government owes the borrowers exceed the amounts the borrowers owe the Primary Government. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, that resulted from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with cash collateral.

The Tobacco Trust Fund, a Permanent Fund of the state, participates in securities lending as defined by its investment policy. During the year, the Tobacco Trust lent U.S. Government securities, corporate debt, and domestic and foreign equities. Collateral was provided as cash for securities lent. Collateral must equal at least 102% of the market value of securities lent unless the principal market for the collateral is outside the United States, in which case a margin of 105% must be maintained. At June 30, 2016, the fair value of securities on loan was \$119,328,000. The collateral for securities lent had a market value of \$122,292,000. The investment made with cash collateral had an average maturity of one day and did not match the duration of the security on loan since the loans are terminable at will. There was no credit risk to borrowers.

Securities Lending Activity - Fiduciary Funds and Similar Component Units

The six Public Employees Retirement Systems (PERS) participate in securities lending transactions as provided by their respective investment policies. During the fiscal year ended June 30, 2016, securities lending agents lent primarily U.S. Government securities, equity securities, and debt securities. Cash, U.S. Government securities, and letters of credit were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 102% of the fair value of the securities loaned. In certain instances collateral must be provided in the amount of 105% when the principal trading market for the loaned securities is outside the United States. At June 30, 2016, the carrying amount and fair value of securities on loan was approximately \$2,214,114,000. The underlying collateral for these securities had a fair value of approximately \$2,407,189,000. Collateral of securities and letters of credit represented approximately \$119,564,000 of total collateral. Because these securities and letters of credit cannot be sold or pledged unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investment pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At June 30, 2016, there was no credit risk exposure to borrowers because the amounts the Fiduciary Funds owe the borrowers exceed the amounts the borrowers owe the Fiduciary Funds. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Investment policies do not require the maturities of investments made with cash collateral to match the maturities of securities lent; however, investment policies may establish minimum levels of liquidity to minimize the interest rate risk associated with not matching the maturity of the investments with the loans. Generally, their duration did not match the duration of the investments made with cash collateral.

Derivative Investments Definition

Derivatives are often complex financial arrangements used to manage specific risks or to act as investments. Derivatives can act as hedges to more effectively manage cash flow or act as investments thereby increasing or decreasing exposure to certain types of investments.

Derivative Investments - Primary Government

Certain state agencies utilize derivative investments as tools to efficiently and effectively manage domestic, international and fixed income investments within their respective portfolios. Investments for the Tobacco Settlement Trust Fund are reported at fair value based on the cash flows from interest and principal payments. The notional amount, financial statement classification and fair value balance of derivatives outstanding at June 30, 2016, and the change in fair value of such derivatives for the year then ended are as follows (expressed in thousands):

Permanent Fund	Derivative Instrument	Notional Amount	Fair Value		Change in Fair Value	
			Classification	Amount	Classification	Amount
Tobacco Settlement Trust	Foreign Currency Forward Contracts	\$ (1,676)	Net Receivable	\$ 34	Investment Income	\$ (88)

Derivative Investments - Fiduciary Funds and Similar Component Units

Several of the state's Public Employees Retirement Systems (PERS) utilize derivative investments as tools to efficiently and effectively manage domestic, international and fixed income investments within their respective portfolios. The notional amount, financial statement classification and fair value balance of derivatives outstanding at June 30, 2016, and the change in fair value of such derivatives for the year then ended are as follows (expressed in thousands):

Pension System	Derivative Instrument	Notional Amount	Fair Value		Change in Fair Value	
			Classification	Amount	Classification	Amount
Firefighters Pension and Retirement System (OFPRS)	Foreign Currency Forward Contracts	\$ 39,248	Net Payable	\$ (484)	Investment Income	\$ 196
Teachers' Retirement System (TRS)	Foreign Currency Forward Contracts	12,888	Investment	210	Investment Income	252

The OFPRS system uses foreign currency forward contracts primarily to hedge foreign currency exposure. The fair value of all OFPRS derivative instruments are determined from market quotes of the instruments or similar instruments. The receivable is net of gross receivables of \$286,000 and liabilities of \$770,000. The gross receivables are supported by collateral in investments valued at \$286,000 with a credit risk ratings of A by S&P and A2 by Moody's. The foreign currency forward contracts for the TRS subject the System to foreign currency risk because the investments are denominated in foreign currencies. The fair value of foreign currency forward contracts for TRS are estimated based on the present value of their estimated cash flows.

Derivative Investments - Component Units

The Component Units of the state have varied investment goals based on the demands of their specific operations and commonly have investment policies allowing for greater investment diversity and risk. Certain component units and foundations with the Higher Education Component Unit will utilize derivative investments on occasion to secure specific returns matched to maturing liabilities to mitigate overall portfolio risk.

Note 3. Accounts Receivable

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of June 30, 2016, including the applicable allowances for uncollectible accounts, are presented below (expressed in thousands):

	General Fund	Proprietary Fund	Component Units	
	Accounts Receivable	Taxes Receivable	Accounts Receivable	Notes Receivable
Gross Receivables	\$ 127,048	\$ 130,115	\$ 771,425	\$ 450,813
Less: Allowance for Uncollectibles	(78,181)	(65,225)	(193,818)	(6,981)
Net Receivables	<u>\$ 48,867</u>	<u>\$ 64,890</u>	<u>\$ 577,607</u>	<u>\$ 443,832</u>

Note 4. Interfund Accounts and Transfers

A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations at June 30, 2016, is shown below (expressed in thousands):

	Due From Other Funds					Due To Other Funds				
	General Fund	Permanent Funds	Enterprise Funds	Due From Fiduciary Funds	Due From Other Component Units	General Fund	Wildlife Permanent Fund	Enterprise Funds	Due To Fiduciary Funds	Due To Other Component Units
Governmental Funds										
General Fund	\$ -	\$ 37	\$ 8,915	\$ 8	\$ 70,423	\$ -	\$ 88	\$ 49	\$ 76,767	\$ 111,603
Wildlife Permanent Fund	88	-	-	-	-	-	-	-	-	-
Tobacco Permanent Fund	-	-	-	-	-	37	-	-	-	-
Total Governmental Funds	<u>\$ 88</u>	<u>\$ 37</u>	<u>\$ 8,915</u>	<u>\$ 8</u>	<u>\$ 70,423</u>	<u>\$ 37</u>	<u>\$ 88</u>	<u>\$ 49</u>	<u>\$ 76,767</u>	<u>\$ 111,603</u>
Enterprise Funds										
Office of Management and Enterprises Services	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oklahoma Water Resources Board	-	-	-	-	-	16	-	-	-	-
Oklahoma Lottery Commission	-	-	-	-	-	8,899	-	-	-	-
Total Enterprise Funds	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Funds										
Pension Trust Funds:										
Firefighters Pension and Retirement System	\$ 19,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oklahoma Law Enforcement Retirement System	4,389	-	-	-	-	-	-	-	-	-
Oklahoma Public Employees Retirement System	10,008	-	-	-	735	1	-	-	-	-
Judges and Justices Retirement System	676	-	-	-	-	-	-	-	-	-
Oklahoma Police Pension and Retirement System	7,439	-	-	-	-	-	-	-	-	-
Teachers' Retirement System of Oklahoma	35,127	-	-	-	-	7	-	-	-	-
Total Fiduciary Funds	<u>\$ 76,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 735</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Due From Primary Government					Due To Primary Government				
	General Fund	Permanent Funds	Enterprise Funds	Due From Fiduciary Funds	Due From Other Component Units	General Fund	Permanent Funds	Enterprise Funds	Due To Fiduciary Funds	Due To Other Component Units
Major Component Units:										
Oklahoma Turnpike Authority	8,901	-	-	-	-	56,327	-	-	-	-
Grand River Dam Authority	34	-	-	-	1,644	56	-	-	650	19
Oklahoma Municipal Power Authority	-	-	-	-	-	-	-	-	85	1,098
Higher Education	15,780	-	-	-	3,787	810	-	-	-	3,282
Nonmajor Component Units:										
Multiple Injury Trust Fund	15,353	-	-	-	-	-	-	-	-	-
Oklahoma State Univ Medical Authority	-	-	-	-	230	-	-	-	-	-
University Hospitals Authority	70,422	-	-	-	-	13,230	-	-	-	651
Oklahoma Development Finance Authority	32	-	-	-	240	-	-	-	312	-
Total Component Units	<u>\$ 110,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,901</u>	<u>\$ 70,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,047</u>	<u>\$ 5,050</u>

A reconciliation of interfund receivables and interfund payables at June 30, 2016 follows. Timing differences occur between agencies with a June 30 year end and the component units with September 30 or December 31 year ends.

Total Due From Other Funds:		Total Due To Other Funds:	
Wildlife Permanent Fund	\$ 88	General Fund to Enterprise Funds	\$ 8,915
Fiduciary Funds	76,767	General Fund to Fiduciary Funds	8
Permanent Funds	37	Enterprise Funds	49
Enterprise Funds	8,915	Wildlife Permanent Fund	88
Due From Fiduciary Funds (Governmental Funds)	8	Tobacco Permanent Fund	37
Due From Enterprise Funds:		Fiduciary Funds	76,767
General Fund	49	Due To Component Units:	
Due From Component Units:		General Fund	111,603
General Fund	70,423	Tobacco Permanent Fund	-
Fiduciary Funds	735	Fiduciary Funds	-
Component Units Due From Primary Government:		Due to Enterprise Fund	-
General Fund	110,522	Due To Primary Government (General Fund)	70,423
Permanent Fund	-	Due To Fiduciary Funds	1,047
Enterprise Funds	-	Due To Other Component Units	5,050
Due From Fiduciary Funds (Component Units)	-	Total Interfund Payables per Financial Statements	273,987
Due From Other Component Units	5,901	Timing Differences, Fiscal Year Ending	
		December 31, 2015: Component Units	(542)
Total Interfund Receivables per Financial Statements	\$ 273,445	Total Interfund Payables	\$ 273,445

The General Fund Due From Other Funds includes \$53,123,000 from Oklahoma Turnpike Authority (OTA) (\$52,911,000 at December 31, 2015) for a portion of motor fuel excise taxes collected on fuels consumed on turnpikes. The balance accumulates and is payable when certain OTA revenue bonds payable have been paid in full. The Wildlife Lifetime Licenses Permanent Fund is due \$88,000 from the General Fund for legislative mandated transfer of earnings on certain funds.

Remaining interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

B. Notes Payable and Capital Leases

The Higher Education (HE) component unit has entered into capital lease agreements with the General Fund's Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. The capital lease outstanding balances are \$467,192,000.

C. Interfund Transfers

A summary of interfund transfers for the fiscal year ended June 30, 2016, follows (expressed in thousands):

Transfers From (Out)	Transfers To (In)	For (Purpose)	Amount
Governmental Funds:			
General Fund	Oklahoma Water Resources Board	Payment for administrative costs	\$ 2,826
	Total transfers out of the General Fund		2,826
Proprietary Funds:			
Oklahoma Employment Security Comm	General Fund	Payment for Administrative Costs	15,342
Oklahoma Water Resources Board	General Fund	Restricted investment revenue	56
Oklahoma Lottery Commission	General Fund	Transfer of expendable earnings	66,407
	Total transfers in to the General Fund		81,805
	Net Transfers In/Out - General Fund		\$ 78,979

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows (expressed in thousands):

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,722,655	\$ 52,088	\$ (1,789)	\$ 1,772,954
Construction In Progress	181,656	41,169	(29,541)	193,284
Total capital assets, not being depreciated	<u>1,904,311</u>	<u>93,257</u>	<u>(31,330)</u>	<u>1,966,238</u>
Capital assets, being depreciated:				
Buildings and improvements	1,566,488	24,849	(1,719)	1,589,618
Equipment	545,965	39,486	(17,793)	567,658
Infrastructure	17,691,742	789,001	(2,778)	18,477,965
Total capital assets, being depreciated	<u>19,804,195</u>	<u>853,336</u>	<u>(22,290)</u>	<u>20,635,241</u>
Less accumulated depreciation for:				
Buildings and improvements	(694,278)	(31,571)	2,186	(723,663)
Equipment	(352,970)	(37,408)	13,551	(376,827)
Infrastructure	(9,437,763)	(467,529)	2,778	(9,902,514)
Total accumulated depreciation	<u>(10,485,011)</u>	<u>(536,508)</u>	<u>18,515</u>	<u>(11,003,004)</u>
Total capital assets, being depreciated, net	<u>9,319,184</u>	<u>316,828</u>	<u>(3,775)</u>	<u>9,632,237</u>
Governmental activities capital assets, net	<u>\$ 11,223,495</u>	<u>\$ 410,085</u>	<u>\$ (35,105)</u>	<u>\$ 11,598,475</u>
Business-type activities:				
Capital assets, being depreciated:				
Equipment	\$ 7,309	\$ 1,493	\$ (2,378)	\$ 6,424
Total capital assets, being depreciated	<u>7,309</u>	<u>1,493</u>	<u>(2,378)</u>	<u>6,424</u>
Less accumulated depreciation for:				
Equipment	(5,395)	(551)	2,378	(3,568)
Total accumulated depreciation	<u>(5,395)</u>	<u>(551)</u>	<u>2,378</u>	<u>(3,568)</u>
Business-type activities capital assets, net	<u>\$ 1,914</u>	<u>\$ 942</u>	<u>\$ -</u>	<u>\$ 2,856</u>

Current period depreciation expense was charged to functions of the Primary Government as follows (expressed in thousands):

Governmental Activities:	
Education	\$ 1,589
Government Administration	15,124
Health Services	7,113
Legal and Judiciary	302
Museums	166
Natural Resources	8,193
Public Safety and Defense	19,119
Regulatory Services	259
Social Services	4,194
Transportation	480,449
Total depreciation expense - Governmental Activities	<u>\$ 536,508</u>
Business-type Activities:	
Government Administration	\$ 537
Natural resources	14
Total depreciation expense - Business-type Activities	<u>\$ 551</u>

Component Units

Capital asset activity for the year ended June 30, 2016, (December 31, 2015, or September 30, 2015, for those entities identified in Item D of Note 1) was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 407,193	\$ 10,334	\$ (4,691)	\$ 412,836
Construction in Progress	650,607	733,476	(418,383)	965,700
Total capital assets, not being depreciated	1,057,800	743,810	(423,074)	1,378,536
Capital assets, being depreciated:				
Buildings and improvements	8,709,421	456,787	(98,540)	9,067,668
Equipment	1,929,024	126,526	(87,895)	1,967,655
Infrastructure	2,622,340	81,584	(11,712)	2,692,212
Total capital assets, being depreciated	13,260,785	664,897	(198,147)	13,727,535
Less accumulated depreciation for:				
Buildings and improvements	(3,343,401)	(247,844)	69,645	(3,521,600)
Equipment	(1,371,415)	(129,461)	62,264	(1,438,612)
Infrastructure	(1,544,644)	(89,510)	9,140	(1,625,014)
Total accumulated depreciation	(6,259,460)	(466,815)	141,049	(6,585,226)
Total capital assets, being depreciated, net	7,001,325	198,082	(57,098)	7,142,309
Capital assets, net	\$ 8,059,125	\$ 941,892	\$ (480,172)	\$ 8,520,845

Note 6. Risk Management and Insurance

It is the policy of the state to cover the risk of losses to which it may be exposed through risk management activities. In general, the state is self-insured for health care claims (except for employee participation in certain health maintenance organizations), workers' compensation, and second injury workers' compensation. The state is also self-insured against tort and auto liability and property losses, with commercial insurance policies for losses that fall outside of coverage limits or are in excess of the self-insured retention.

Coverage for health care claims and workers' compensation is provided by two entities of the state. The Employees Group Insurance Department (EGID), a department of the Office of Management and Enterprise Services (OMES), manages a legal trust which provides group health, life, dental, and disability benefits to the state's employees and certain other eligible participants. Effective January 1, 2015, the Risk Management Department (RMD), part of Capital Assets Management, a division of OMES, was authorized to handle Workers' Compensation for all state agencies when House Bill 2009 was signed into law during 2014. The Risk Management Department Consolidated Workers' Compensation Program began operating on July 1, 2015.

Coverage for second injury workers' compensation is provided by a discretely presented component unit. The Multiple Injury Trust Fund (MITF) was created to encourage the hiring of individuals with a pre-existing disability and to protect those employers from liability for the pre-existing disability. MITF records a liability for outstanding court awards only as those amounts are awarded by the Workers' Compensation Court for permanent total disability awards. There is no provision for incurred but not reported claims or claims pending Court determination. Claims and Judgments which were due and owing at December 31, 2015, have been charged to operations for the year ended December 31, 2015. At year end, the MITF loss liability exceeded net position. MITF was indebted to claimants for court awarded judgments. Only those judgments currently payable in arrears bear interest. The rate, set by statute, is the Treasury bill rate plus 4% to be updated annually.

Coverage for liability and property losses is provided by the RMD of OMES. The RMD administers a self-insurance program to protect the state, its agencies, colleges, and universities against tort and auto liability claims. Coverage and limits under this program correspond directly with the Oklahoma Governmental Tort Claims Act (GTCA). The RMD purchases commercial liability insurance for losses that fall outside of the GTCA. The RMD also provides a Property

Insurance program for all agencies, colleges, and universities through a combination of a high self-insured retention and commercial insurance policies in excess of the self-insured retention. Coverage limits are \$1 billion for each occurrence subject to coverage terms and conditions. Commercial insurance is purchased to protect the state's fine arts and physical damage to its automobiles. Additionally, the RMD purchases a Government Crime Policy, i.e., Employee Dishonesty policy.

Except for MITF, estimates relating to incurred but not reported claims, as well as other probable and estimable losses have been included in accrued liabilities for each fund. None of the funds have included non-incremental claims adjustment expense as part of accrued liabilities. Because actual claims liabilities are impacted by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, and other economic and social factors.

The General Fund self-insurance loss liability for the RMD of OMES represents an estimate of amounts to be paid from economic financial resources.

The following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 2016, (December 31, 2015, for EGID and MITF) and the prior fiscal year, (expressed in thousands):

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Current Fiscal Year						
General Fund -						
Office of Management and Enterprise Services	\$ 25,072	\$ 29,277	\$ (7,651)	\$ 46,698	\$ 39,047	\$ 7,651
Proprietary Fund -						
Office of Management and Enterprise Services	\$ 127,793	\$ 1,015,375	\$ (1,013,038)	\$ 130,130	\$ 9,125	\$ 121,005
Component Unit - *						
Multiple Injury Trust Fund	\$ 386,291	\$ 74,460	\$ (54,275)	\$ 406,476	\$ 405,622	\$ 854

* The Higher Education Component Unit's claims and judgments (\$2,904 – noncurrent) are for accrued liabilities not related to risk management.

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Prior Fiscal Year						
General Fund -						
Office of Management and Enterprise Services	\$ 26,434	\$ 8,261	\$ (9,623)	\$ 25,072	\$ 15,449	\$ 9,623
Proprietary Fund -						
Office of Management and Enterprise Services	\$ 112,877	\$ 929,382	\$ (914,466)	\$ 127,793	\$ 10,436	\$ 117,357
Component Unit -						
Multiple Injury Trust Fund	\$ 368,887	\$ 70,464	\$ (53,060)	\$ 386,291	\$ 384,597	\$ 1,694

Public Entity Risk Pool – Employees Group Insurance Division

The state operates the Employees Group Insurance Division of the Office of Management and Enterprise Services (Plan), a Public Entity Risk Pool.

A. Description of Plan

The Plan provides group health, dental, life, and disability benefits to active state employees and local government employees, as well as varying coverages for active education employees and certain participants of the state's retirement

systems, survivors, and persons covered by COBRA. Disability coverage is available only to active state employees and local government employees. The Plan is self-insured and provides participants with the option of electing coverage from certain HMOs. Premium rates for the various groups are separately established.

The coverages are funded by monthly premiums paid by individuals, the state, local governments, educational employers, and retirement systems. A participant may extend coverage to dependents for an additional monthly premium based on the coverage requested. Of the 228,000 primary participants and dependents, approximately 24,000 primary participants and 17,000 dependents were covered by HMOs. These counts relate to health coverage only.

All state agencies are required to participate in the Plan. Eligible local governments may elect to participate in the Plan (308 local governments actually participate). Any education entity or local government which elects to withdraw from the Plan may do so with 30 days written notice, and must withdraw both its active and inactive participants.

A summary of available coverages and eligible groups, along with the number of health care participants follows:

	State Employee	Local Government Employee	Education Employee	Teachers' Retirement System	OPERS	COBRA
Health	X	X	X	X	X	X
Dental	X	X	X	X	X	X
Life	X	X	X	X	X	
Disability	X	X				
Medicare Supplement				X	X	X
Health Care Participants:						
Primary	25,000	8,000	55,000	-----	39,000	-----
Dependents	-----	-----	60,000	-----	-----	-----

B. Unpaid Claims Liabilities

The Plan establishes policy and contract claim reserves based on the estimated ultimate cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet reported. Disability reserves are also established based on the estimated ultimate cost of settling claims of participants currently receiving benefits and for disability claims incurred but not yet reported to the Plan.

The reserves are determined using the Plan's historical benefit payment experience. The length of time for which costs must be estimated depends on the coverages involved. Although such estimates are the Plan's best estimates of the incurred claims to be paid, due to the complex nature of the factors involved in the calculation, the actual results may be more or less than the estimate. The claim liabilities are recomputed on a periodic basis using actuarial and statistical techniques which consider the effects of general economic conditions, such as inflation, and other factors of past experience, such as changes in participant counts. Adjustments to claim liabilities are recorded in the periods in which they are made. Premium deficiency reserves are required to be recorded when the anticipated costs of settling claims for the following fiscal year are in excess of the anticipated premium receipts for the following year. Anticipated investment income is considered in determining whether a premium deficiency exists.

C. Reconciliation of Claims Liabilities

The schedule below presents the changes in policy and contract claim reserves and disability reserves for the three types of coverages: health and dental, life, and disability (expressed in thousands):

	Health and Dental	Life	Disability	Total
	Fiscal Year 12/31/2015	Fiscal Year 12/31/2015	Fiscal Year 12/31/2015	Fiscal Year 12/31/2015
Reserves at beginning of period	\$ 108,063	\$ 6,275	\$ 13,455	\$ 127,793
Incurring claims:				
Provision for insured events of current period	986,857	27,503	4,564	1,018,924
Changes in provisions for insured events of prior periods	(1,518)	738	(2,769)	(3,549)
	<u>985,339</u>	<u>28,241</u>	<u>1,795</u>	<u>1,015,375</u>
Payments:				
Claims attributable to insured events of current period	878,100	24,593	735	903,428
Claims attributable to insured events of prior periods	<u>102,816</u>	<u>4,408</u>	<u>2,386</u>	<u>109,610</u>
	<u>980,916</u>	<u>29,001</u>	<u>3,121</u>	<u>1,013,038</u>
Reserves at end of period	<u>\$ 112,486</u>	<u>\$ 5,515</u>	<u>\$ 12,129</u>	<u>\$ 130,130</u>

D. Revenue and Claims Development Information

The separately issued audited financial statements for the Plan include Required Supplementary Information regarding revenue and claims development.

Note 7. Operating Lease Commitments

The state has commitments with non-state entities to lease certain buildings and equipment. Future minimum rental commitments for equipment operating leases as of June 30, 2016, are as follows (expressed in thousands):

	General Fund	Fiduciary Funds	Component Units
2017	\$ 1,867	\$ 134	\$ 1,577
2018	628	-	1,314
2019	575	-	1,050
2020	422	-	1,036
2021	141	-	1,036
2022-2026	-	-	1,096
Total Future Minimum Lease Payments	<u>\$ 3,633</u>	<u>\$ 134</u>	<u>\$ 7,109</u>
Operating lease commitments for building rental for year ended June 30, 2017	\$ 24,080	\$ 449	\$ 1,433
Rent expenditures/expenses for operating leases for year ended June 30, 2016	\$ 25,098	\$ 633	\$ 18,089

Note 8. Lessor Agreements

Primary Government

Direct Financing Leases

The Department of Transportation maintains leases classified as direct financing leases. The state leases heavy equipment and machinery to counties within the state. The lease terms are determined by the depreciation schedules published by the American Association of State Highway Transportation Officials. All new county equipment leases were charged an interest amount equivalent to 3% of the equipment cost. Title to this equipment passes to the counties at the end of the lease term. The Department of Transportation also leases railroad lines within the state to various railroad companies with the longest lease term ending in 2025. No interest or executory costs are charged, and the leases include bargain purchase options. The unguaranteed residual values of the machinery, equipment, and railroad lines are not estimated by the state. Contingent rentals are not a part of any lease and uncollectible amounts are not expected. The total minimum lease payments to be received by the Department of Transportation in future years is approximately \$20,692,000 which is also the net investment in direct financing leases at June 30, 2016. The following schedule represents minimum lease payments receivable for direct financing leases for each of the five succeeding fiscal years (expressed in thousands):

	2017	2018	2019	2020	2021	Total
Department of Transportation	\$ 4,932	\$ 4,358	\$ 3,626	\$ 3,068	\$ 2,054	\$ 18,038
Oklahoma Capital Improvement Authority	40,592	42,176	43,642	12,272	9,925	148,607
Total	<u>\$ 45,524</u>	<u>\$ 46,534</u>	<u>\$ 47,268</u>	<u>\$ 15,340</u>	<u>\$ 11,979</u>	<u>\$ 166,645</u>

The Oklahoma Capital Improvement Authority (OCIA) has capital lease agreements with the higher education component unit for the lease of various facilities, equipment and improvements. At June 30, 2016, the total minimum lease payments to be received by OCIA from the higher education component unit are \$467,192,000. These lease agreements end in fiscal year 2035.

Operating Leases

The state has operating leases maintained by various state agencies consisting primarily of state land leased to non-state entities, as well as a small amount of state owned buildings which are also leased to non-state entities. Due to the passage of time, the state's historical cost of the leased land is not reasonably determinable. The leased buildings consist of sub-leased office space under an operating lease. Since the state does not have a cost basis in the building, no depreciation expense is recognized. The Primary Government's total operating leases receivable recognized in the current fiscal year is approximately \$18,000. Minimum future rentals receivable from these operating leases is presented in the following schedule (expressed in thousands):

2017	2018	2019	2020	2021	Total
\$ 401	\$ 173	\$ 156	\$ 140	\$ 124	\$ 994

In addition, the leasing operations of the Commissioners of the Land Office consist of leasing approximately 740,000 acres of land principally for agricultural purposes. The lease terms are generally for five-year periods with one-fifth of the leases expiring each year. The lease year is on a calendar year basis with rents prepaid one year in advance. The rental amount is determined based on the maximum amount bid by the lessee. The following schedule presents minimum future rentals receivable from the noncancelable leasing of these lands (expressed in thousands):

2017	2018	2019	2020	2021	Total
\$ 11,223	\$ 8,245	\$ 5,472	\$ -	\$ -	\$ 24,940

Component Units

The Oklahoma Municipal Power Authority (Authority) executed a Power Purchase Agreement with FPL Energy Oklahoma Wind, LLC (FPLE Oklahoma), for the development of a wind generation facility in northwestern Oklahoma. Under the agreement, FPLE Oklahoma was responsible for acquiring, constructing and installing the wind project. The Authority issued taxable limited obligation notes which were payable solely from lease payments made by FPLE Oklahoma. The Authority used the proceeds of the notes to finance the Authority's acquisition of the wind project and has leased the wind project to FPLE Oklahoma under a long-term capital lease agreement for an amount sufficient to pay the debt service, principal and interest, on the notes. The Power Purchase Agreement has a term of approximately 25 years and power is sold on a take and pay basis. FPLE Oklahoma retains the operational risk related to the wind project. The following schedule lists the components of the lease agreement as of December 31, 2015 (expressed in thousands):

Total minimum lease payments to be received	\$ 58,717
Less: Amounts representing interest included in total minimum lease payments	(18,732)
Net investment in direct financing leases	<u>\$ 39,985</u>

Operating Leases

The Oklahoma Turnpike Authority has various noncancelable contracts with concessionaires to provide patron services on the state's turnpike system. The contracts are generally for five year terms, with two five-year renewal options. The Authority receives concession revenue that includes minimum rentals plus contingent rentals based on sales volume. The Authority also leases antenna space under noncancelable contracts with a 20 year term. The University Hospital Authority has leased substantially all capital assets, except construction-in-progress, to the joint operations of OU Medical Center and OU Health Sciences Center. The University Hospital Authority carries receipts through 2050. The following schedule presents minimum future rentals receivable from these contracts (expressed in thousands):

	2017	2018	2019	2020	2021	Thereafter	Total
University Hospitals Authority	\$ 1,293	\$ 821	\$ 802	\$ 793	\$ 738	\$ 19,341	\$ 23,788
Oklahoma Turnpike Authority	1,084	1,090	1,087	1,019	1,023	14,205	\$ 19,508
Total	<u>\$ 2,377</u>	<u>\$ 1,911</u>	<u>\$ 1,889</u>	<u>\$ 1,812</u>	<u>\$ 1,761</u>	<u>\$ 33,546</u>	<u>\$ 43,296</u>

The cost, carrying amount and depreciation of the Oklahoma Turnpike Authority leased property for the year ended December 31, 2015, is \$39,782,000, \$30,390,000 and \$9,392,000, respectively. The cost and carrying amount of the University Hospitals Authority leased property for the year ended June 30, 2016 (expressed in thousands):

Land	\$ 4,009
Buildings	339,658
Equipment	129,925
Infrastructure	<u>7,701</u>
Cost	481,293
Less Accumulated Depreciation	<u>(280,394)</u>
Net Leased Property	<u>\$ 200,899</u>

Note 9. Long-Term Obligations As Related to Governmental Activities

Long-term obligations at June 30, 2016, and changes for the fiscal year then ended (expressed in thousands):

	Issue Date	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds Payable from Tax Revenue:								
Oklahoma Bldg 2010A, Refunding	2011	2.00%-5.00%	2019	\$ 98,575	\$ -	\$ 24,395	\$ 74,180	\$ 26,225
Oklahoma Bldg 2013, Refunding	2013	2.00%-5.00%	2019	8,820	-	900	7,920	-
Total				<u>107,395</u>	<u>-</u>	<u>25,295</u>	<u>82,100</u>	<u>26,225</u>
Revenue Bonds Payable from Lease Rentals:								
OCIA 2003E, State Facilities	2004	2.00%-4.00%	2016	1,475	-	1,475	-	-
OCIA 2005A, Revenue	2005	3.00%-4.35%	2016	430	-	430	-	-
OCIA 2005B, Revenue	2005	3.00%-4.05%	2016	190	-	190	-	-
OCIA 2005C, Revenue	2005	3.00%-5.00%	2016	1,445	-	1,445	-	-
OCIA Series 2005D	2006	3.00%-4.38%	2016	750	-	750	-	-
OCIA Series 2005E	2006	3.70%-5.00%	2016	145	-	145	-	-
OCIA Series 2005F	2006	3.38%-5.00%	2016	11,275	-	11,275	-	-
OCIA Series 2006A	2006	3.55%-4.38%	2027	16,805	-	15,645	1,160	1,160
OCIA Series 2006B	2006	3.50%-4.25%	2027	13,015	-	12,115	900	900
OCIA Series 2006C	2006	4.00%-4.50%	2027	15,335	-	14,290	1,045	1,045
OCIA Series 2006E	2006	4.00%-4.50%	2027	4,460	-	4,155	305	305
OCIA Series 2008A	2009	2.90%-5.30%	2026	19,180	-	1,385	17,795	1,440
OCIA Series 2008B	2009	2.70%-5.48%	2030	9,565	-	455	9,110	470
OCIA Series 2009A	2009	1.00%-4.20%	2025	18,075	-	1,530	16,545	1,580
OCIA Series 2009AA	2010	2.00%-4.00%	2025	38,545	-	9,155	29,390	9,440
OCIA Series 2009B	2010	5.04%-5.34%	2025	68,830	-	-	68,830	-
OCIA Series 2010, Refunding/Revenue	2011	1.77%-5.61%	2031	121,785	-	5,325	116,460	5,495
OCIA Series 2010A, Refunding	2011	2.00%-5.00%	2019	87,260	-	5,350	81,910	18,320
OCIA Series 2010B, Capitalized Interest	2011	2.03%-2.48%	2016	12,555	-	12,555	-	-
OCIA Series 2010A DOT	2011	2.00%-5.00%	2021	77,620	-	11,730	65,890	12,150
OCIA Series 2010B DOT	2011	4.24%-4.79%	2026	92,075	-	-	92,075	-
OCIA Series 2012 DOT	2012	2.00%-2.54%	2026	50,180	-	3,665	46,515	3,810
OCIA Series 2013A	2013	2.00%-4.00%	2025	20,010	-	2,085	17,925	2,135
OCIA Series 2014A	2014	2.00%-5.00%	2031	220,725	-	175	220,550	15,140
OCIA Series 2014B	2015	2.00%-5.00%	2025	55,505	-	10,000	45,505	11,155
OCIA Series 2014C	2015	2.00%-5.00%	2035	83,745	-	1,845	81,900	2,565
OCIA Series 2015A	2015	2.00%-5.00%	2025	50,000	-	11,550	38,450	10,415
OCIA Series 2015B	2016	3.00%-5.00%	2027	-	39,535	-	39,535	-
Corrections 2006, Central OK (ODFA)	2006	3.75%-4.50%	2026	2,835	-	205	2,630	215
Corrections 2013, Central OK (ODFA)	2013	1.40%-5.00%	2023	17,079	-	1,961	15,118	2,010
DHS-2008 (ODFA)	2008	3.25%-4.15%	2023	13,695	-	1,505	12,190	1,555
DHS-2012 (ODFA)	2012	4.00%-5.00%	2022	10,360	-	1,370	8,990	1,415
DHS-2014 (ODFA)	2014	2.00%	2019	3,565	-	865	2,700	885
Law Enforcement Education/Train (ODFA)	2013	2.50%-5.00%	2021	14,327	-	1,007	13,320	1,023
OMES 2009 (ODFA)	2009	2.50%-5.00%	2035	37,615	-	1,295	36,320	1,335
Total				<u>1,190,456</u>	<u>39,535</u>	<u>146,928</u>	<u>1,083,063</u>	<u>105,963</u>
Notes Payable from Tax Revenue (Tourism) and Grant Revenue (ODOT):								
ODOT 2005A, Grant Anticipation	2006	3.00%-5.00%	2016	3,435	-	3,435	-	-
ODOT 2007A, Grant Anticipation	2007	3.25%-5.00%	2017	12,130	-	5,905	6,225	6,225
ODOT 2008A, Grant Anticipation	2009	3.00%-5.00%	2019	31,680	-	7,385	24,295	7,720
Total				<u>47,245</u>	<u>-</u>	<u>16,725</u>	<u>30,520</u>	<u>13,945</u>
Capital Leases				6,526	-	2,324	4,202	1,816
Compensated Absences				160,505	95,322	95,906	159,921	95,906
Net Pension Liability				226,252	226,408	-	452,660	-
Bond Issue Premiums				92,626	5,276	23,661	74,241	10,016
Claims and Judgements Payable				25,072	29,277	7,651	46,698	7,651
Other Postemployment Benefits				640	346	212	774	-
Total Long-Term Obligations				<u>\$ 1,856,717</u>	<u>\$ 396,164</u>	<u>\$ 318,702</u>	<u>\$ 1,934,179</u>	<u>\$ 261,522</u>

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2016, which have scheduled debt service amounts (expressed in thousands):

	2017	2018	2019	2020	2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	Total
General Obligation bonds:											
Oklahoma Bldg 2010A, Refunding	\$ 28,910	\$ 28,030	\$ 21,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,881
Oklahoma Bldg 2013, Refunding	384	1,212	7,241	-	-	-	-	-	-	-	8,837
Less: Interest	3,069	1,898	651	-	-	-	-	-	-	-	5,618
Total Principal	26,225	27,344	28,531	-	-	-	-	-	-	-	82,100
Revenue Bonds:											
OCIA 2006A Revenue	1,182	-	-	-	-	-	-	-	-	-	1,182
OCIA 2006B Revenue	917	-	-	-	-	-	-	-	-	-	917
OCIA 2006C Revenue	1,067	-	-	-	-	-	-	-	-	-	1,067
OCIA 2006E Revenue	311	-	-	-	-	-	-	-	-	-	311
OCIA 2008A Revenue	2,276	2,269	2,266	2,266	2,263	11,277	-	-	-	-	22,617
OCIA 2008B Revenue	922	921	923	918	917	4,581	3,639	-	-	-	12,821
OCIA 2009A Revenue	2,180	2,189	2,180	2,181	2,178	8,697	-	-	-	-	19,605
OCIA 2009AA Revenue	10,376	10,366	10,356	-	-	-	-	-	-	-	31,098
OCIA 2009B Revenue	3,588	3,588	3,588	13,871	13,670	52,511	-	-	-	-	90,816
OCIA Series 2010, Refunding Revenue	11,386	11,372	11,348	11,340	11,332	56,465	56,062	-	-	-	169,305
OCIA Series 2010A, Refunding	21,669	33,687	32,895	-	-	-	-	-	-	-	88,251
OCIA 2010A DOT	14,707	14,722	14,682	14,656	14,622	-	-	-	-	-	73,389
OCIA 2010B DOT	4,229	4,229	4,229	4,229	4,229	104,325	-	-	-	-	125,470
OCIA 2012 DOT	5,807	5,812	5,807	5,811	5,812	29,047	-	-	-	-	58,096
OCIA 2013A Revenue	2,669	2,665	2,666	2,670	2,653	7,062	-	-	-	-	20,385
OCIA 2014A Revenue	24,660	12,655	12,995	12,796	12,568	119,228	123,135	-	-	-	318,037
OCIA 2014B Revenue	12,635	12,618	11,201	11,182	441	1,169	-	-	-	-	49,246
OCIA 2014C Revenue	5,974	5,959	5,946	6,376	6,373	31,852	31,789	25,344	-	-	119,613
OCIA 2015A Revenue	11,890	4,228	4,233	4,228	4,228	16,922	-	-	-	-	45,729
OCIA 2015B Revenue	1,681	4,947	4,951	4,949	4,944	24,646	4,910	-	-	-	51,028
Corrections 2006, Central OK (ODFA)	330	331	331	331	331	1,645	-	-	-	-	3,299
Corrections 2013, Central OK (ODFA)	2,648	2,647	2,650	2,651	2,653	4,799	-	-	-	-	18,048
DHS-2008	2,030	2,030	2,032	2,029	2,030	4,065	-	-	-	-	14,216
DHS-2012	1,798	1,798	1,795	1,794	1,794	1,343	-	-	-	-	10,322
DHS-2014	939	936	934	-	-	-	-	-	-	-	2,809
Law Enforcement Education/Train (ODFA)	1,465	1,463	1,467	1,464	1,465	7,315	1,342	-	-	-	15,981
OMES 2009 (ODFA)	2,922	2,916	2,917	2,912	2,912	14,513	14,428	11,489	-	-	55,009
	152,258	144,348	142,392	108,654	97,415	501,462	235,305	36,833	-	-	1,418,667
Less: Interest	46,295	42,494	38,395	34,757	31,732	106,353	32,639	2,939	-	-	335,604
Total Principal	105,963	101,854	103,997	73,897	65,683	395,109	202,666	33,894	-	-	1,083,063
Notes Payable:											
ODOT 2007A, Grant Anticipation	6,374	-	-	-	-	-	-	-	-	-	6,374
ODOT 2008A, Grant Anticipation	8,713	8,694	8,693	-	-	-	-	-	-	-	26,100
	15,087	8,694	8,693	-	-	-	-	-	-	-	32,474
Less: Interest	1,142	609	203	-	-	-	-	-	-	-	1,954
Total Principal	13,945	8,085	8,490	-	-	-	-	-	-	-	30,520
Capital Leases											
	1,983	1,120	908	545	-	-	-	-	-	-	4,556
Less: Interest	160	102	62	22	-	-	-	-	-	-	346
Less: Executory Cost	7	1	-	-	-	-	-	-	-	-	8
Total Principal	1,816	1,017	846	523	-	-	-	-	-	-	4,202
Total	\$ 147,949	\$ 138,300	\$141,864	\$ 74,420	\$ 65,683	\$ 395,109	\$ 202,666	\$ 33,894	\$ -	\$ -	\$ 1,199,885
Long-Term Debt without scheduled debt service:											
Compensated Absences											159,921
Net Pension Liability											452,660
Bond Issue Premiums											74,241
Claims and Adjustments Payable											46,698
Other Postemployment Benefits											774
Total Long-Term Obligations											\$1,934,179

A. General Obligation Bonds

General obligation bonds, administered by the State Treasurer, are authorized and issued primarily to provide resources for state-owned capital improvements, including office buildings for state agencies. The state has pledged 100% of cigarette taxes collected under these bond issues. General obligation bonds are backed by the full faith and credit of the state, including the state's power to levy additional taxes to ensure repayment of the bonds.

B. Revenue Bonds

The Oklahoma Capitol Improvement Authority (OCIA) has twenty outstanding series of building bonds to construct and equip state office buildings and prisons. Principal and interest payments on these bond issues are paid from rents collected from the various state and federal agencies that occupy the buildings constructed with the bond proceeds. The 2006A, B, C and E bonds were refunded with funds from 2015B series bonds and resulted in a projected savings of approximately \$3,570,000.

The Oklahoma Development Finance Authority (ODFA) has issued lease revenue bonds to provide lease financing for the Department of Corrections, the Department of Human Services, the Department of Veterans Affairs, the Council for Law

Enforcement Education and Training, and the Office of Management and Enterprise Services. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

C. Notes Payable

The Oklahoma Department of Transportation (ODOT) has issued several series of Grant Anticipation Notes for the purpose of financing certain qualified federal aid transportation projects in the state. The notes are secured by federal revenue received from the Federal Highway Administration (FHWA) and have a final maturity in 2019. Total revenue received from the FHWA in fiscal year 2016 was \$641,257,000 with a portion of that amount, \$32,474,000, reserved as security for the notes. Current year note obligations for principal and interest totaled \$15,087,000.

D. Capital Leases

The state has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Capital lease obligations are reported for those leases where the fair market value of the leased asset at inception of the lease is \$25,000 or more.

Leased equipment under capital leases in capital assets at June 30, 2016, includes the following (expressed in thousands):

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Cost	\$ 7,662	\$ 6,434	\$ 14,096
Less: Accumulated depreciation	(2,238)	(5,069)	(7,307)
Total	<u>\$ 5,424</u>	<u>\$ 1,365</u>	<u>\$ 6,789</u>

For fiscal year 2016, \$1,541,000 was recognized as depreciation expense for leased assets.

E. Other Liabilities

Compensated absences are liquidated by the General Fund and do not have scheduled future debt service requirements beyond one year. The pension obligation is for the Oklahoma Department of Wildlife Conservation defined benefit pension plan, the Oklahoma Law Enforcement Retirement System and the Uniform Retirement System for Judges and Justices. These plans are single-employer plans that provide retirement, disability, and death benefits to the plan members and their beneficiaries. These pension obligations do not have scheduled future debt service requirements. The Wildlife Pension Plan obligation will be liquidated by the General Fund. The pension liability for the Oklahoma Law Enforcement Retirement System and the Uniform Retirement System for Judges and Justices will be liquidated by the respective pensions.

F. Authorized Unissued Bonds

The Oklahoma Capital Improvement Authority (OCIA) has been authorized to issue bonds in the amount of \$9,000,000 for the Department of Tourism and Recreation to acquire, construct and renovate offices. OCIA has been authorized to issue \$70,000,000 of 10-year term bonds to repair the state capitol building. The Oklahoma Water Resources Board (OWRB) has been authorized to issue general obligation bonds in the amount of \$300,000,000 to be used as credit for other OWRB loan programs. During the 2015 legislative session, OCIA was authorized to issue \$25,000,000 of bonds for the Oklahoma Historical Society to fund construction and furnish the Museum of Popular Culture in Tulsa and, if certain conditions are met, to issue \$25,000,000 of bonds to provide funding for the completion of the Native American Indian Cultural Center and Museum in Oklahoma City. During the 2016 legislative session, OCIA was authorized to issue up to \$125,000,000 of bonds to fund repairs to the Capitol Building. These bonds cannot be issued before fiscal year 2019.

Note 10. Long-Term Obligations As Related to Business-Type Activities

The Oklahoma Water Resources Board (Board) along with the Department of Environmental Quality has issued 36 series of revenue bonds. These bonds provide resources to implement statewide financial assistance programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems. Six of the revenue bonds have a variable or floating rate and are also subject to mandatory sinking fund redemption. The remaining revenue bonds are held at a fixed rate.

Long-term obligations at June 30, 2016, and changes for the fiscal year then ended are as follows (expressed in thousands):

	Issue Dates	Issue Amount	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds Payable from User Fees:									
1989-2015 Issues	1989-2015	\$1,494,210	0.188-6.30%	2043	\$ 741,920	\$ 122,160	\$ 45,785	\$ 818,295	\$ 162,095
Adjusted for: Bond Premiums and Discounts					36,880	14,400	2,251	49,029	-
Revenue Bonds Payable Net of Bond Premiums and Discounts					778,800	136,560	48,036	867,324	162,095
Other Noncurrent Liabilities					10,436	-	1,311	9,125	-
Net Pension Liability					166	1,502	-	1,668	-
Compensated Absences					1,171	119	215	1,075	232
Total Long-Term Obligations					\$ 790,573	\$ 138,181	\$ 49,562	\$ 879,192	\$ 162,327

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2016, which have scheduled debt service amounts (expressed in thousands):

	2017	2018	2019	2020	2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	Total
Revenue Bonds:											
1989-2015 Issues	\$182,143	\$71,183	\$72,520	\$73,395	\$69,836	\$265,806	\$198,515	\$110,339	\$44,075	\$ 4,499	\$1,092,311
Less: Interest	20,048	27,148	25,675	24,060	22,171	82,955	47,646	18,704	5,330	279	274,016
Principal	162,095	44,035	46,845	49,335	47,665	182,851	150,869	91,635	38,745	4,220	818,295
Total	\$162,095	\$44,035	\$46,845	\$49,335	\$47,665	\$182,851	\$150,869	\$ 91,635	\$38,745	\$ 4,220	\$ 818,295
Adjusted for: Bond and Note Premium and Discounts											49,029
Long-Term Obligations without scheduled debt service:											
Other Noncurrent Liabilities											9,125
Net Pension Liability											1,668
Compensated Absences											1,075
Total Long-Term Obligations											\$ 879,192

Several of the bonds bear interest at variable rates, initially set at 0.25% to 5.00% and are periodically adjusted, pursuant to the provisions of the bond indentures, to a maximum rate of 14% per year. Variable rates are reset semiannually by the remarketing agent. The interest rate on the bonds was 0.3% to 0.45% at June 30, 2016. At the option of the Board and subject to applicable provisions of the bond indenture, which require, among other things, that all bonds be successfully remarketed, the variable interest rate may be converted to a term rate that would stay fixed until maturity.

Note 11. Long-Term Obligations As Related to Component Units

Long-term obligations at June 30, 2016 (September 30, 2015, for Oklahoma Housing Finance Agency and December 31, 2015, for Oklahoma Turnpike Authority, Grand River Dam Authority and Municipal Power Authority), and changes for the fiscal year then ended are as follows (expressed in thousands):

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds Payable from User Fees:								
Industrial Finance Authority	2001-2005	2.50 - 5.20%	2022	\$ 44,885	\$ -	\$ 4,885	\$ 40,000	\$ -
Adjusted for: Bond Premiums				25	-	25	-	
Total General Obligation Bonds Payable								
Net of Bond Premiums and Deferrals				44,910	-	4,910	40,000	-
Revenue Bonds Payable from User Fees:								
Student Loan Authority	1995-2013	0.15 - 6.35%	2041	381,756	-	65,946	315,810	-
Development Finance Auth.	1996	2.50%	2031	9,999	-	-	9,999	-
Housing Finance Agency	1991-2014	0.70 - 7.35%	2044	418,127	-	114,705	303,422	8,685
Turnpike Authority	2006-2012	0.20 - 5.00%	2031	986,175	-	51,780	934,395	54,050
Grand River Dam Authority	2002-2014	1.80 - 7.16%	2040	1,153,545	-	22,965	1,130,580	23,795
Municipal Power Authority	1992-2014	0.01 - 6.44%	2047	718,620	-	20,015	698,605	20,760
University Hospitals Authority	2005	0.09 - 0.22%	2036	46,560	-	1,310	45,250	1,385
Higher Education	1997-2015	2.00 - 10.00%	2045	1,400,750	414,169	229,518	1,585,401	57,567
Total Before Discounts/Deferrals				5,115,532	414,169	506,239	5,023,462	
Adjusted for: Bond (Discount) Premiums				129,198	75	9,903	119,370	
Total Revenue Bonds Payable								
Net of Bond (Discounts) Premiums and Deferrals				5,244,730	414,244	516,142	5,142,832	166,242
Notes Payable:								
Multiple Injury Trust Fund	2000-2001	7.00%	2022	16,947	-	1,785	15,162	1,913
OETA Foundation	2014	3.00%	2019	359	-	359	-	-
Oklahoma Turnpike Authority	2009-2010	1.01%	2016	15,000	15,000	15,000	15,000	15,000
Student Loan Authority	1995-2004	0.20 - 1.24%	2035	23,000	17,725	6,530	34,195	-
OSU Medical Authority	2014	4.12 - 4.78%	2021	14,455	-	1,807	12,648	1,895
Municipal Power Authority	2003	6.00%	2028	41,983	-	1,997	39,986	2,118
Higher Education	2001-2015	2.00 - 8.00%	2046	108,192	13,102	14,416	106,878	93,555
Total				219,936	45,827	41,894	223,869	114,481
Capital Leases:								
OSU Medical Authority				311	1,163	461	1,013	253
Higher Education				1,086,640	253,239	93,688	1,246,191	93,283
Total				1,086,951	254,402	94,149	1,247,204	93,536
Claims and Judgments				393,338	75,857	57,162	412,033	3,507
Due to Primary Government				55,861	-	2,950	52,911	3,046
Compensated Absences				121,827	98,940	94,341	126,426	88,434
Net Pension Liability				1,392,515	217,166	5,196	1,604,485	-
Other Noncurrent Liabilities				1,040,376	658,687	593,716	1,105,347	629,078
Total Long-Term Obligations				\$ 9,600,444	\$ 1,765,123	\$ 1,410,460	\$ 9,955,107	\$ 1,098,324

A. General Obligation Bonds

Oklahoma Industrial Finance Authority (OIFA) has six series of general obligation bonds outstanding. These bonds are issued for the funding of industrial finance loans to encourage business development within the state. All revenues arising from the net proceeds from repayment of industrial finance loans and interest received thereon are pledged under these bond issues. In addition, these general obligation bonds are backed by the full faith and credit of the state. The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2016 (September 30, 2015, for Oklahoma Housing Finance Agency and December 31, 2015, for Oklahoma Transportation Authority, Grand River Dam Authority and Municipal Power Authority), which have scheduled debt service amounts (expressed in thousands):

	2017	2018	2019	2020	2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	2047-2051	Total
General Obligation Bonds:												
Industrial Finance Authority	\$ 1,000	\$ 1,000	\$ 10,812	\$ 20,438	\$ 250	\$ 10,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,625
Less: Interest	1,000	1,000	812	438	250	125	-	-	-	-	-	3,625
Total Principal	-	-	10,000	20,000	-	10,000	-	-	-	-	-	40,000
Revenue Bonds:												
Student Loan Authority	4,350	4,350	4,350	4,350	4,350	22,933	34,958	146,547	178,883	-	-	405,071
Development Finance Auth.	250	250	250	250	250	1,250	11,186	-	-	-	-	13,686
Housing Finance Agency	20,224	20,331	20,314	20,314	20,212	99,805	91,698	83,403	65,583	22,557	-	464,441
Turnpike Authority	95,336	95,339	90,824	90,824	90,822	439,844	336,703	33,666	-	-	-	1,273,358
Grand River Dam Authority	75,582	75,496	86,935	86,896	86,796	433,127	431,781	343,631	187,852	-	-	1,808,096
Municipal Power Authority	52,745	52,585	52,506	50,937	50,710	233,418	196,237	151,444	153,808	157,373	62,948	1,214,711
University Hospitals Authority	2,165	2,224	2,272	2,324	2,386	12,729	14,077	15,694	-	-	-	53,871
Higher Education	123,211	112,335	118,001	115,429	115,001	562,040	500,305	421,052	305,741	146,133	-	2,519,248
Less: Interest	373,863	362,910	375,452	371,324	370,527	1,805,146	1,616,945	1,195,437	891,867	326,063	62,948	7,752,482
	207,621	200,818	193,457	185,917	178,131	759,253	518,489	299,141	142,429	40,036	3,728	2,729,020
Total Principal	166,242	162,092	181,995	185,407	192,396	1,045,893	1,098,456	896,296	749,438	286,027	59,220	5,023,462
Notes Payable:												
Multiple Injury Trust Fund	2,925	2,925	2,925	2,925	2,924	4,376	-	-	-	-	-	19,000
Oklahoma Turnpike Authority	15,155	-	-	-	-	-	-	-	-	-	-	15,155
Student Loan Authority	310	9,680	258	258	258	26,089	-	-	-	-	-	36,853
OSU Medical Authority	2,425	2,425	2,425	2,425	2,425	2,442	-	-	-	-	-	14,567
Municipal Power Authority	4,517	4,517	4,517	4,517	4,517	22,583	13,550	-	-	-	-	58,718
Higher Education	93,830	784	740	743	7,694	1,778	1,087	1,087	1,087	1,087	217	110,134
Less: Interest	119,162	20,331	10,865	10,868	17,818	57,268	14,637	1,087	1,087	1,087	217	254,427
	4,681	4,049	3,656	3,265	2,849	8,963	2,081	489	346	169	10	30,558
Total Principal	114,481	16,282	7,209	7,603	14,969	48,305	12,556	598	741	918	207	223,869
Capital Leases:												
OSU Medical Authority	269	260	260	260	63	-	-	-	-	-	-	1,112
Higher Education	144,539	138,772	117,999	94,641	90,557	481,510	413,379	170,383	92,929	50,891	-	1,795,600
Less: Interest	144,808	139,032	118,259	94,901	90,620	481,510	413,379	170,383	92,929	50,891	-	1,796,712
	51,275	48,203	44,510	42,386	40,284	166,398	93,858	39,832	18,517	4,245	-	549,508
Total Principal	93,533	90,829	73,749	52,515	50,336	315,112	319,521	130,551	74,412	46,646	-	1,247,204
Total	\$374,256	\$269,203	\$272,953	\$265,525	\$257,701	\$1,419,310	\$1,430,533	\$1,027,445	\$824,591	\$333,591	\$ 59,427	\$ 6,534,535
Adjusted for: Net Discounts and Deferred Debits on Refundings												119,370
Long-Term Obligations without scheduled debt service:												
Claims and Judgments												412,033
Due to Primary Government												52,911
Compensated Absences												126,426
Net Pension Liability												1,604,485
Other Noncurrent Liabilities												1,105,347
Total Long-Term Obligations												<u>\$ 9,955,107</u>

B. Revenue Bonds

The Oklahoma Student Loan Authority (OSLA) has issued eight series of revenue bonds with outstanding balances. The bonds were issued for the purpose of funding student loans. All bonds payable are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective bond resolution. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in bond indentures. At June 30, 2016, the variable interest rates ranged from 0.5% to 1.9%.

The Oklahoma Development Finance Authority (ODFA) has issued revenue bonds to fund loans to various investment enterprises in connection with the Quality Jobs Investment Program. The bonds are payable solely from and secured by the revenues and funds in the Quality Jobs Investment Program and a Credit Enhancement Reserve Fund guarantee insurance policy. The interest rates are variable and equal to the Oklahoma Industrial Finance Authority's cost of funds on its outstanding variable rate bond issues. The interest rate at June 30, 2016 was 2.5%.

The Oklahoma Housing Finance Agency (OHFA) has issued sixteen series of revenue bonds with outstanding balances at year end. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multifamily construction projects, and establish debt service reserves as required by the various trust indentures.

The Oklahoma Turnpike Authority (OTA) has four series of revenue bonds outstanding with an original issue amount of \$1,364,930,000. The bonds are issued for the purpose of financing capital improvements and new projects relating to the state's turnpike system and are financed primarily by tolls assessed on users of the turnpikes.

The Grand River Dam Authority (GRDA) has six series of revenue bonds outstanding with an original issue amount of \$1,190,170,000. Oklahoma statutes have authorized GRDA to issue revenue bonds with the aggregate outstanding indebtedness not to exceed \$1,410,000,000.

The Oklahoma Municipal Power Authority (OMPA) has ten series of revenue bonds outstanding. The bonds were issued to finance portions of OMPA's acquisition and construction activities. The bonds are payable from and collateralized by a pledge of and security interest in the proceeds of the sale of the bonds, the revenues of OMPA, and assets in the funds established by the respective bond resolutions. Neither the State of Oklahoma nor any political subdivision thereof is obligated to pay principal or interest on the bonds. OMPA does not have any taxing authority. Certain series of the bonds have a variable interest rate which is established either by auction or a weekly index. The maximum rate is 14%.

The University Hospitals Authority (UHA) has issued two revenue bond series (2005A-Tax Exempt and 2005B- Taxable) with an original issue amount of \$55,460,000. The proceeds were used to finance construction of new pediatric ambulatory care facilities and a basic research center.

Nine of the state's colleges and universities within the Higher Education component unit have authorized and issued 65 series of revenue bonds with an original issue amount of \$2,237,035,000. These bonds were issued for the construction of student housing and other facilities. Student fees, revenues produced by the constructed facilities, and other revenues collateralize the revenue bonds.

C. Defeased Bonds

In prior years, component units have defeased bonds by placing assets in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the assets of the trusts and the liabilities for the defeased bonds are not included in the accompanying financial statements. OMPA had defeased bonds outstanding at June 30, 2016 (December 31, 2015 for OMPA) totaling \$34,725,000.

D. Notes Payable

The Multiple Injury Trust Fund (MITF) component unit reports a note payable to CompSource Oklahoma of \$15,162,000 as permitted by statute. Included in this note payable is a \$6,000,000 advance on a line of credit. The note and line of credit bear interest at a 7% rate and are payable over 30 years in quarterly installments. The note and line of credit are collateralized by MITF revenues and any equity or other interests available to MITF.

Notes of the Oklahoma Student Loan Authority (OSLA) are issued to fund student loans and are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective financing agreements. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in lending agreements. At year end the variable interest rate was 0.2%.

The Oklahoma Municipal Power Authority (OMPA) has issued \$57,739,000 in a taxable limited obligation note. The note is payable solely from lease payments made by FPL Energy Oklahoma Wind, LLC with no recourse to OMPA. The note bears an interest rate of 6%, and annual principal and interest payments are due through December 31, 2028.

The Higher Education component unit has entered into various notes payable agreements. Lease payments, a pledge of "Section Thirteen Fund State Educational Institutions" moneys, the equipment purchased, and the facilities constructed are pledged as collateral on the notes.

E. Capital Leases

The Higher Education component unit has entered into agreements with unrelated parties as well as agreements with the Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. In fiscal year 1999, the Higher Education component unit signed capital lease agreements with OCIA totaling \$49,178,000 and additional agreements totaling \$515,350,000 during fiscal year 2006. In fiscal year 2011, additional agreements with OCIA totaling \$249,440,000 were added. In fiscal year 2014, lease agreements for \$177,055,000 were added. During fiscal year 2015, lease agreements for \$95,713,000 were added. The outstanding principal balance for the OCIA leases at June 30, 2016, is \$467,192,000. Only the principal balance of the leases is recognized since it is equivalent to the value of the items leased. The OCIA agreements are aggregated with the other capital lease obligations on the statement of net position for year end.

Oklahoma State University Medical Authority has capital leases totaling \$1,012,000 for equipment through fiscal year 2021.

Leased assets under capital leases in capital assets at June 30, 2016, included the following (expressed in thousands):

	Land	Construction In Progress	Buildings	Equipment	Total
Cost	\$ -	\$ 19,112	\$ 253,756	\$ 361,627	\$ 634,495
Less: Accumulated depreciation	-	-	(55,932)	(118,461)	(174,393)
Total	<u>\$ -</u>	<u>\$ 19,112</u>	<u>\$ 197,824</u>	<u>\$ 243,166</u>	<u>\$ 460,102</u>

F. Other Liabilities

Claims and judgments, due to Primary Government, compensated absences, and other noncurrent liabilities of each component unit, as presented in the financial statements, will be liquidated by the reporting component unit. Other noncurrent liabilities include deferred revenue and other miscellaneous liability amounts. These liabilities do not have scheduled future debt service requirements beyond one year.

G. Authorized Unissued Bonds

By statute, Oklahoma Industrial Finance Authority (OIFA) has authority to issue general obligation bonds not to exceed \$90,000,000 plus the balance in its bond redemption account. This results in \$50,000,000 of authorized but unissued general obligation bonds. Certain institutions within the Higher Education component unit have been authorized to issue revenue bonds in the amount of \$35,000,000 for various construction projects, renovation and acquisition of property.

Note 12. Net Position/Fund Balance

Beginning Net Position and Other Restatements

Primary Government

Beginning net position related to Governmental Activities on the Statement of Activities has been restated due to the correction of accounting errors (decrease of \$153,533,000) at July 1, 2015.

The Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds has been restated due to correction of accounting errors. Total beginning fund balance for Governmental funds decreased \$10,880,000.

Proprietary Funds

Beginning net position related to Statement of Net Position for Proprietary funds has been restated due to cumulative change in accounting principle (adoption of GASB 68 at the Oklahoma Management and Enterprise Services -Employee Group Insurance Division). Total beginning net position for Proprietary funds decreased \$2,955,000.

Component Units

Beginning net position for Component Units has been restated due to the correction of accounting errors (decrease of \$10,289,000), cumulative change in accounting principle (adoption of various GASB statements resulting in a decrease of \$41,619,000), and reclassification of CompSource Oklahoma as a private entity (decrease of \$472,179,000). The net effect of the restatements decreased beginning net position by \$524,087,000 as of July 1, 2015.

Governmental Fund Balance

The governmental fund financial statements present fund balance at the aggregate level of detail within the categories defined by GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The table below represents the detailed amount of fund balance available to each functional level of government within those categories. This table also contains a separate detailed categorization for the state's stabilization, or "Rainy Day" fund if a balance is available at the end of fiscal year (expressed in thousands):

	General	Permanent Funds			Total Governmental Funds
		Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	
Nonspendable					
Inventories	\$ 79,737	\$ -	\$ -	\$ -	\$ 79,737
Prepays	544	-	-	-	544
Permanent Fund Principal	-	2,216,433	81,321	914,653	3,212,407
Restricted					
Education	19,120	5,081	-	-	24,201
Government Administration	653,717	-	-	-	653,717
Health Services	8,591	-	-	-	8,591
Legal and Judiciary	19,745	-	-	-	19,745
Museums	3,210	-	-	-	3,210
Natural Resources	17,977	-	-	-	17,977
Safety and Defense	1,968	-	-	-	1,968
Regulatory Services	5,787	-	-	-	5,787
Social Services	7,305	-	-	-	7,305
Transportation	846	-	-	-	846
Stabilization Fund (Rainy Day)	77,597	-	-	-	77,597
Committed					
Education	(1,773,120)	-	-	-	(1,773,120)
Government Administration	2,668,655	-	-	27,160	2,695,815
Health Services	(332,037)	-	-	-	(332,037)
Legal and Judiciary	68,931	-	-	-	68,931
Museums	3,139	-	-	-	3,139
Natural Resources	198,085	-	2,234	-	200,319
Safety and Defense	81,705	-	-	-	81,705
Regulatory Services	137,296	-	-	-	137,296
Social Services	344,523	-	-	-	344,523
Transportation	630,050	-	-	-	630,050
Assigned	609	-	-	77,296	77,905
Unassigned	25,866	-	-	-	25,866
Total Fund Balances	<u>\$ 2,949,845</u>	<u>\$ 2,221,514</u>	<u>\$ 83,555</u>	<u>\$ 1,019,109</u>	<u>\$ 6,274,023</u>

Nonspendable fund balance represents amounts that are not in spendable form. These amounts are not expected to be converted to cash. The state's primary forms of nonspendable fund balance are inventories and prepaid items such as rent or postage. Nonspendable fund balance also includes principal amounts within each respective permanent fund that is legally required to be maintained into perpetuity.

Restricted fund balance represents amounts that have constraints upon their use through either outside creditors, grantors, contributors or other governments as well as those amounts restricted through constitutional provisions or enabling legislation that can be legally enforced by parties outside the government. The state's general fund restricted fund balance is primarily comprised of amounts yet to be expended under federal grant awards, imminent payments on outstanding bond issues, long-term receivables that must be used for debt repayment, and 75% of any available balance in the stabilization or "Rainy Day" fund. The Commissioners of the Land Office Permanent Fund is restricted for educational systems. Fund balance as restricted by the various constraints in the general fund for the fiscal year ended June 30, 2016 were as follows (expressed in thousands):

	General Fund - Restricted			
	For Debt Service Only	Federal Cash	By Enabling Legislation	Restricted Fund Balance
Restricted				
Education	\$ -	\$ 19,120	\$ -	\$ 19,120
Government Administration	646,743	6,974	-	653,717
Health Services	172	8,419	-	8,591
Legal and Judiciary	-	19,745	-	19,745
Museums	902	2,308	-	3,210
Natural Resources	-	17,977	-	17,977
Safety and Defense	168	1,800	-	1,968
Social Services	4,489	2,816	-	7,305
Regulatory Services	5,308	479	-	5,787
Transportation	-	846	-	846
Stabilization Fund (Rainy Day)	-	-	77,597	77,597
Total Fund Balances	<u>\$ 657,781</u>	<u>\$ 80,484</u>	<u>\$ 77,597</u>	<u>\$ 815,862</u>

Committed fund balance is presented for each respective function of government as directed by the state's highest level of decision making authority. Along with ratification by the governor, the Senate and the House of Representatives write, prepare and approve legislative bills to allocate the state's available resources each fiscal year. This process is a formal legislative action constituting the highest level of decision making authority. Once this authority has been exercised, the same action must be taken to modify or rescind a previously approved bill or allocation of resources.

Under GAAP reporting, the nonspendable and restricted fund balance categories are considered to be restricted fund balance. The committed, assigned and unassigned fund balances are considered to be unrestricted fund balance. Generally, when the state has both restricted and unrestricted resources available, the restricted balances will be used first as expenditures are incurred as long as conditions that created the restriction are met. When unrestricted fund balance is used, the order of use would generally be committed, then assigned, and finally unassigned.

Article 10, Section 23 of the State Constitution establishes a stabilization arrangement (Constitutional Reserve or Rainy Day Fund) under certain conditions where revenues collected exceed estimates made by the State Board of Equalization. Each year the Board determines the amount available for allocation by the legislature not to exceed 95% of the Board's estimate, or General Revenue Fund certification amount. In any year in which amounts collected exceed 100% of the Board's estimated revenues, the excess is placed in the Constitutional Reserve Fund until the fund reaches 15% of the General Revenue Fund certification amount for the preceding fiscal year. Up to 37.5% of the balance in the fund at the beginning of the year may be appropriated for the forthcoming fiscal year when the Equalization Board's estimate is lower than the current fiscal year certification. An additional 37.5% of the Constitutional Reserve Fund at the beginning of the year may be appropriated for the current year if the Equalization Board determines that a revenue failure has occurred with respect to the General Revenue Fund for the current year. The remaining 25% of the balance in the Constitutional Reserve Fund may be appropriated upon a declaration by the governor that emergency conditions exist with concurrence by a 2/3rds vote within the Senate and House of Representatives. This same 25% may also be appropriated through a joint declaration of emergency by both the Senate and House of Representatives with a concurrent 3/4ths vote by each legislative body. Due to the different methods for accessing the Constitutional Reserve Fund, any balance with the fund at year end is presented as 75% restricted and 25% unassigned. This split in presentation most closely aligns the government's ability to access these funds with the proper fund balance classification. The total Constitutional Reserve Fund balance at June 30, 2016 was \$103,463,000, with \$77,597,000 presented as restricted fund balance and \$25,866,000 as unassigned fund balance.

The Tobacco Trust Fund's assigned fund balance classification reflects amounts that are constrained by the Fund's intent to be used for specific purposes. For purposes of assigned fund balance, the Fund's Board of Directors has authority to assign funds for specific purposes. Prior to 2012, the Board of Directors had determined that 10% of the unassigned fund balance would be designated as a reserve for future periods, should annual earnings prove insufficient to cover expenses. In November 2011, the Board of Directors chose to limit yearly expenditures of certified earnings to no more than 5% of

the corpus of the Fund, with any unexpended certified earnings added to the reserve. For the fiscal year ended June 30, 2016, the assigned fund balance was \$77,296,000.

As explained in Note 1, *Summary of Significant Accounting Policies* section J, the General Fund inventory includes \$1,568,000 in food commodities which is also included in deferred revenue. Therefore, nonspendable fund balance for inventory/prepaid on the balance sheet is \$1,568,000 less than the total of inventory and prepaid items.

Note 13. Nonrecourse Debt and Debt Guarantees

Nonrecourse (Conduit) Debt, Notes Receivable and Funds in Trust

Financing agreements of Oklahoma Development Finance Authority (ODFA) and Oklahoma Housing Finance Agency (OHFA) are structured such that the debt is to be repaid solely from the revenues derived from the related facilities leased or acquired, or from the disposition of collateral. ODFA and OHFA do not hold notes receivable and trust investments in amounts equal to the long-term financings. As of September 30, 2015, OHFA had five series of multifamily bonds outstanding with an aggregate principal amount payable of approximately \$20,242,000. These financings are not general obligations of the state or state agencies, and it is the opinion of agency management and its legal counsel that, in the event of default by a borrower, the state has no responsibility for repayment of such financings. Accordingly, the nonrecourse debt and the related notes receivable and trust investments of ODFA and OHFA's multifamily bond programs have been excluded from the financial statements. The debt and other obligations and the related notes receivable and other assets of OHFA's single family bonds are presented in the financial statements, since any assets remaining when the single family bond programs are liquidated are transferred to OHFA.

Credit Enhancement Reserve Fund

Under the Constitution of the State of Oklahoma, ODFA may issue bonds of the state, to be known as Credit Enhancement Reserve Fund General Obligation Bonds, in a total principal amount of \$100,000,000 for the sole purpose of generating resources if there are insufficient assets to meet insurance obligations. The Fund is managed, administered, and utilized by ODFA solely to secure the payment of interest insurance on the revenue bonds and other financial obligations issued by the Authority for the specific purpose of enhancing and supporting the credit of such obligations. As of June 30, 2016, there were approximately \$38,300,000 of outstanding financial obligations insured by ODFA. At year end, the Fund has accrued a reserve for losses of approximately \$633,000 to cover potential losses from outstanding financial obligations insured by the Fund. Through June 30, 2016, there have been no Oklahoma Credit Enhancement Reserve Fund General Obligation Bonds issued since it is the intention of ODFA to utilize existing assets to meet obligations arising from losses reserved and accrued payments in lieu of interest by the Fund.

Note 14. Retirement and Pension Systems

A. Plan Description

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that administer pension plans: Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS). These plans are all fiduciary component units of the state. The Department of Wildlife Conservation administers the Wildlife Conservation Retirement Plan (WCRP), which is part of the Primary Government.

OFPRS, OPERS, OPPRS, and TRS are all cost-sharing, multi-employer defined benefit retirement systems. URSJJ, OLERS and WCRP are single-employer, defined benefit retirement systems. Pension benefit provisions for all plans were established by statute and benefit provisions are amended by the State Legislature. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided to plan members at the discretion of the State Legislature. The information and schedules which follow are the representation of the respective state and local governmental employer pension plans which are administered through trusts.

Separately issued independent audit reports for each pension plan may be obtained from the following:

Firefighters Pension and Retirement 6601 Broadway Extension, Suite 100 Oklahoma City, OK 73116 http://www.ok.gov/fprs/	Law Enforcement Retirement 421 N.W. 13th Street, Suite 100 Oklahoma City, OK 73103 http://www.olders.state.ok.us/	Police Pension and Retirement 1001 N.W. 63rd Street, Suite 305 Oklahoma City, OK 73116 http://www.ok.gov/OPPRS/
Public Employees Retirement P.O. Box 53007 Oklahoma City, OK 73152 http://www.opers.ok.gov/	Uniform Retirement System for Judges and Justices P.O. Box 53007 Oklahoma City, OK 73152 http://www.opers.ok.gov/	Teachers' Retirement System 2500 N. Lincoln Boulevard, 5th Floor Oklahoma City, OK 73105 http://www.ok.gov/TRS/
	Department of Wildlife Conservation P.O. Box 53465 Oklahoma City, OK 73152 http://www.wildlifedepartment.com	

B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the respective pension plans and additions to/deductions from plans fiduciary net position have been determined on the same basis as they are reported by each pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

C. Eligibility Factors and Benefit Provisions

<u>Provisions</u>	<u>OFPRS as of July 1, 2015</u>
a. Eligible to Participate	All eligible firefighters of a participating municipality or a fire protection district who perform the essential functions of fire suppression, prevention and life safety duties in a fire department.
b. Period Required to Vest	Ten years of credited service if employed prior to November 1, 2013. Eleven years of credited service if employed after November 1, 2013.
c. Eligibility for Distribution	Normal retirement 20 years of service if employed prior to November 1, 2013. Age 50 with 20 years of service if employed after November 1, 2013. Disability retirement upon disability. Death benefit of \$5,000 payable to the qualified spouse or designated recipient upon the participant's death.
d. Benefit Determination Base	Final average salary - the average paid gross salary of the fire fighter for normally scheduled hours over the highest salaried thirty consecutive months of the last sixty months of credited service.
e. Benefit Determination Methods:	
Normal Retirement	Paid firefighters: 50% of the firefighter's final average salary. Volunteer firefighters: \$150.60 per month,

effective July 1, 2008.

Disability Retirement Paid Firefighters	2.5% of the firefighter's final average salary per year of service, with a minimum service credit of twenty years and maximum of thirty years. For disabilities not in the line of duty, final average monthly compensation is based on 60 months instead of 30 months.
Volunteer Firefighters	\$7.53 per month per years of service, with a maximum of 30 years. For disabilities or deaths in the line of duty, there is a minimum service credit of 20 years.
f. Benefit Authorization	Benefits are established in accordance with Title 11 of the Oklahoma Statutes, Section 49-100.1 through 49-143.6 as amended.
g. Form of Benefit Payments	Straight life annuity. Survivor Benefit: Joint and 100% Survivor Annuity if firefighter was married 30 months prior to death.

Provisions

OLERS as of July 1, 2015

a. Eligible to Participate	All law enforcement officers of the Oklahoma Highway Patrol (OHP) and Capitol Patrol of Department of Public Safety, Oklahoma State Bureau of Investigation (OSBI), Oklahoma State Bureau of Narcotics and Dangerous Drugs Control (OBNDD), Alcoholic Beverage Laws Enforcement Commission (ABLE), members of the DPS Communications Division (Communications), DPS Waterways Lake Patrol, Tourism and Recreation Department (Rangers), Inspectors of the Oklahoma State Board of Pharmacy (Pharmacy Inspectors), and Gun Smiths of DPS are eligible upon employment.
b. Period Required to Vest	Ten years of credited service.
c. Eligibility for Distribution	Normal retirement 20 years of service or age 62 with 10 years of service. Maximum of age 60 with 20 years of service, unless considered physically able to continue. Disability benefit upon determination of disability incurred in the line of duty. For disability not in the line of duty after three years of service. Death benefit of \$5,000 payable to the designated beneficiary.
d. Benefit Determination Base	Final average salary – the average of the highest thirty consecutive complete months of compensation.
e. Benefit Determination Methods:	
Normal Retirement	2.5% of member's final average salary multiplied by the years of credited service. No maximum on service.
Disability Retirement:	
Duty	The greater of: 1. 2.5% of the greater of the final average salary times years and completed months of credited

	service, or 2. 50% of final average salary.
Non-Duty	2.5% of the final average salary times years and completed months of credited service.
f. Benefit Authorization	Benefits are established in accordance with Title 47 of the Oklahoma Statutes, Chapter 2, Article III, Section 2-300 through 2-315 as amended.
g. Form of Benefit Payments	100% Joint and Survivor Annuity.
<u>Provisions</u>	<u>OPERS as of July 1, 2015</u>
a. Eligible to Participate	<p>All permanent employees of the State of Oklahoma, and any other employer such as a county, county hospital, city or town, conservation districts, circuit engineering districts, and any trust in which a county, city, or town participates and is the primary beneficiary, are eligible to join if:</p> <ul style="list-style-type: none"> • The employee is not eligible for or participating in another retirement system authorized under Oklahoma law, is covered by Social Security and not participating in the U.S. Civil Service Retirement System. • The employee is scheduled for 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for state employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees).
b. Period Required to Vest	Eight years of credited service.
c. Eligibility for Distribution	<p>Normal retirement :</p> <ul style="list-style-type: none"> • Member before November 1, 2011, one of the following: <ul style="list-style-type: none"> Age 62 with 6 years of credited service. For elected officials age 60. 80 points - The sum of age and years of service equals 80 if member before July 1, 1992. 90 points - The sum of age and years of service equals 90 if member after July 1, 1992. • Member on or after November 1, 2011, one of the following: <ul style="list-style-type: none"> Age 65 with 6 years of credited service. For elected officials age 65 with 8 years of elected service.

90 points – At least age 60 and the sum of age and years of service equals 90.

Disability benefit after 8 years of service, provided member qualifies for disability benefits from the Social Security Administration or the Railroad Retirement Board.

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.

d. Benefit Determination Base

Final average salary – member before July 1, 2013, the average compensation during the highest 3 years out of the last 10 years of service (including highest 3 longevity payments). Member after July 1, 2013, the average highest 5 out of the last 10 years of service (including highest 5 longevity payments).

e. Benefit Determination Methods:

Normal Retirement

2% of member's final average salary multiplied by the years of credited service.

Disability Retirement

Same as normal retirement.

f. Benefit Authorization

Benefits are established in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 901 through 935 as amended.

g. Form of Benefit Payments

Life Annuity, Joint and 50% Survivor, Joint and 100% Survivor Annuity, Life Annuity with a minimum of 120 monthly payments, and Medicare Gap Benefit option.

Provisions

USRJ as of July 1, 2015

a. Eligible to Participate

Any Justice or Judge of the Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals or District Court who serves as Justice or judge of any of said courts in the State of Oklahoma.

b. Period Required to Vest

Eight years of credited service.

c. Eligibility for Distribution

Normal retirement :

- Member before January 1, 2012, one of the following:

Age 60 with 10 years of credited service.

Age 65 with 8 years of credited service.

80 points- The sum of age and years of service equals 80.

- Member after January 1, 2012, one of the following:

Age 62 with 10 years of credited service

Age 67 with 8 years of credited service.

Disability benefit at age 55 and 15 years of continuous judicial service.

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.

d. Benefit Determination Base

Final average salary – average monthly salary based on the highest 3 years of active service.

e. Benefit Determination Methods:

Normal Retirement

4% of member's final average compensation multiplied by years of credited service not to exceed 100% of final average salary.

Disability Retirement

Same as normal retirement.

f. Benefit Authorization

Benefits are established in accordance with Title 20 of the Oklahoma Statutes, Chapter 16, Section 1101 through 1111 as amended.

g. Form of Benefit Payments

Single-life, Joint and 50% Survivor, Joint and 100% Survivor.

Provisions

OPPRS as of July 1, 2015

a. Eligible to Participate

All eligible officers of a participating municipality and any person hired by a participating municipality who is undergoing police training to become a permanent police officer.

b. Period Required to Vest

Ten years of credited service.

c. Eligibility for Distribution

Normal retirement upon completing 20 years of credited service.

Total Disability (Duty): upon determination of total disability. Total Disability (Non-Duty): upon determination of disability after 10 years of service.

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.

d. Benefit Determination Base

Final average salary – average base salary for normally scheduled hours over the highest salaried 30 consecutive months of the last 60 months of credited service.

e. Benefit Determination Methods:

Normal Retirement

2.5% of member's final average salary multiplied by years of credited service not to exceed 30 years.

Disability Retirement

Total Disability (Duty): 50% of final average salary.

Total Disability (Non-Duty): 2.5% of final average salary multiplied by years of credited service not to exceed 30 years.

Partial Disability (Duty): final average salary reduced by the % of impairment, as outlined in the "American Medical Association's Guide to the Evaluation of Permanent Impairment".

Partial Disability (Non-Duty): 2.5% of final average salary multiplied by years of credited service (maximum of 30 years) reduced by the percentage of impairment, as outlined in the "American Medical Association's Guide to the Evaluation of Permanent Impairment".

f. Benefit Authorization

Benefits are established in accordance with Title 11 of the Oklahoma Statutes, Chapter 1, Section 50-101 through 50-136.8 as amended.

g. Form of Benefit Payments

Straight life annuity

Provisions

TRS as of July 1, 2015

a. Eligible to Participate

All employees of any public school in Oklahoma, including public colleges and universities.

b. Period Required to Vest

Five years of credited service.

c. Eligibility for Distribution

Normal retirement :

- Member after July 1, 1967, and before November 1, 2011 – age 62 with 5 years of service
- Member before July 1, 1992 -- age and the number of years of creditable service total 80.
- Member on or after July 1, 1992 but prior to November 1, 2011 – age and the number of years totals 90.
- Member after October 31, 2011 – age 65 with 5 years of service or age 60 and the number of years of service totals 90.

Early retirement:

- Member prior to November 1, 2011 -- Age 55 and 5 years of service or upon completion of 30 years of service.
- Member after October 31, 2011 – Age 60 and 5 years of service.

Disability benefit after 10 years of service.

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary.

d. Benefit Determination Base

Final average salary – For those becoming members

before July 1, 1992 the compensation for the three years on which the highest contributions are paid. For persons becoming members after June 30, 1992 the compensation for the five years on which the highest contributions are paid.

e. Benefit Determination Methods:

Normal Retirement

2% of member's final average salary subject to the compensation limits in Title 70, Chapter 1, Article 17, Section 17-101(28) and 17-116.2C.

Disability Retirement

Same as normal retirement.

f. Benefit Authorization

Benefits are established in accordance with Title 70 of the Oklahoma Statutes, Chapter 1, Article 17, Section 17-101 through 17-122.1 as amended.

g. Form of Benefit Payments

Straight Life Annuity, Joint and 50% Survivor, Joint and 100% Survivor.

Provisions

WCRP as of July 1, 2015

a. Eligible to Participate

Employees with a hire date prior to July 1, 2010. Plan was frozen as of July 1, 2010.

b. Period Required to Vest

Ten years of credited service.

c. Eligibility for Distribution

Normal retirement – Age 65

Early retirement:

- Age 55 and 15 years of service. Benefit reduced 2% for each year benefit received prior to age 62.
- Age 55 and sum of age and years of continuous service equals 85.

d. Benefit Determination Base

Final average salary – Highest 3 years annual covered compensation received during the last 10 years of participating service

e. Benefit Determination Methods:

Normal Retirement

2.5% of member's final average salary multiplied by years of credited service. Employees hired after July 1, 1995, the maximum benefit is 85% of final average salary with minimum benefit of \$50 per month.

Disability Retirement

Information not available.

f. Benefit Authorization

Benefits are established in accordance with Title 29 of the Oklahoma Statutes, Chapter 1, Article 3, Section 3-306.

g. Form of Benefit Payments

Information not available.

D. Employees Covered by Benefit Terms

	OFPRS	OLERS	OPERS	URSJJ	OPPRS	TRS	WCRP
Active Employees	12,360	1,310	43,843	271	5,238	90,388	253
Deferred Vested Former Employees	1,488	51	5,863	18	147	10,457	23
Retirees or Retiree Beneficiaries	10,241	1,334	32,754	260	3,448	58,929	197
Total	24,089	2,695	82,460	549	8,833	159,774	473

E. Contribution Requirements

Oklahoma Firefighters Pension and Retirement System: The authority to set and amend contribution rates is established by ordinance for OFPRS defined benefit plan in accordance with Title 11 of the Oklahoma Statutes, Section 49-100.6. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 9% for employees of their covered salary and 14% for employers of covered payroll as of July 1, 2015 and July 1, 2014. Municipalities with revenues in excess of \$25,000 contribute \$60.00 per year for each volunteer firefighter. Prior to November 1, 2013 the rate was 8% for employees, 13% for employers, and municipalities contributed \$60.00 per year for each volunteer firefighter. The state contributes a portion of the insurance premium tax collected through its taxing authority. Currently, this contribution is 36% of insurance premium tax collected by the state. Prior to November 1, 2013 the contribution rate was 34%. For the year ended June 30, 2015, OFPRS recognized \$154,422,000 in contributions to the plan based on covered payroll of \$270,536,000.

Oklahoma Law Enforcement Retirement System: The authority to set and amend contribution rates is established by ordinance for OLERS defined benefit plan in accordance with Title 47 of the Oklahoma Statutes, Chapter 2, Article 3, Section 2-303.1. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 8% for employees of their covered salary and 11% for employers of covered payroll as of July 1, 2015 and July 1, 2014. The state contributes a portion of driver's license taxes, motor vehicle inspection fees, and insurance premium tax collected through its taxing authority. Currently this contribution is 1.2% of driver's license taxes, and 5% of insurance premium tax. For the year ended June 30, 2015, OLERS recognized \$38,689,000 in contributions to the plan based on covered payroll of \$84,880,000.

Oklahoma Public Employees Retirement System: The authority to set and amend contribution rates is established by ordinance for OPERS defined benefit plan in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 908. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate for state employees is 3.5% of their covered salary and 16.5% of covered payroll for state agencies as of July 1, 2015 and July 1, 2014. Contributions for participating county and local agencies total 20% for employees and employers as of July 1, 2015 and July 2, 2014. For the year ended June 30, 2015, OPERS recognized \$365,330,000 in contributions to the plan based on covered payroll of \$1,808,973,000.

Uniform Retirement System for Judges and Justices: The authority to set and amend contribution rates is established by ordinance for URSJJ defined benefit plan in accordance with Title 20 of the Oklahoma Statutes, Chapter 16, Section 1108. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate for employees is 8% of their covered salary and 16% of covered payroll for employers as of July 1, 2015. For the year ended July 1, 2014 the rate for employees is 8% of covered salary and 14.5% of covered payroll for employers. For the year ended June 30, 2015, URSJJ recognized \$8,001,000 in contributions to the plan based on covered payroll of \$34,537,000.

Oklahoma Police Pension and Retirement System: The authority to set and amend contribution rates is established by ordinance for OPPRS defined benefit plan in accordance with Title 11 of the Oklahoma Statutes, Chapter 1, Article 50, Section 50-106. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 8% for employees of their covered salary and 13% for employers of covered payroll as of July 1, 2015 and

July 1, 2014. The state contributes a portion of the insurance premium tax collected through its taxing authority. Currently, this contribution is 14% of insurance premium tax collected by the state. For the year ended June 30, 2015, OPPRS recognized \$95,618,000 in contributions to the plan based on covered payroll of \$295,307,000.

Teachers Retirement System: The authority to set and amend contribution rates is established by ordinance for TRS defined benefit plan in accordance with Title 70 of the Oklahoma Statutes, Chapter 1, Article 17, Section 17-106. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 7% for employees of their covered salary and 9.5% for employer entities other than comprehensive and four year universities as of July 1, 2015 and July 1, 2014. The rate for comprehensive and four year universities is 8.55% as of July 1, 2015 and July 1, 2014. The state contributes 5% of revenues from sales taxes, use taxes, corporate and individual income taxes. Beginning in fiscal year 2006, the state also contributes 5% of lottery proceeds. For the year ended June 30, 2015, TRS recognized \$1,032,119,000 in contributions to the plan based on covered payroll of \$4,338,247,000.

Wildlife Conservation Retirement Plan: The authority to set and amend contribution rates is established by ordinance for WCRP defined benefit plan in accordance with Title 29 of the Oklahoma Statutes, Chapter 1, Article 3, Section 3-306. The contribution rates for the current fiscal year have been made in accordance with Oklahoma statute. The rate is 5% for employees of their covered salary. For the year ended June 30, 2015 WCRP recognized \$4,962,000 in contributions to the plan based on covered payroll of \$13,667,000.

F. Actuarial Assumptions

Oklahoma Firefighters Pension and Retirement System

Date of Last Actuarial Valuation	July 1, 2015
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	3.5% - 9.0%
d. Post retirement cost-of-living increase	Half of the dollar amount of a 3% assumed increase in base pay for firefighters with 20 years of service as of May 26, 1983. No COLA assumed for members not eligible for this increase.
e. Inflation Rate	3%
f. Mortality table	Active employees (pre and post retirement): RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males three years older than females
i. Turnover	Varies from 0.4% to 3.5%
j. Date of last experience study	June 30, 2012, for the period from July 1, 2007 to June 30, 2012.

Oklahoma Law Enforcement Retirement System

Date of Last Actuarial Valuation	July 1, 2015
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	3.75% - 7.8%
d. Post retirement cost-of-living increase	3% for eligible members
e. Inflation Rate	3%
f. Mortality table	Active employees (pre and post retirement): RP-2000 Blue Collar Healthy Combined with Generation Projection. Disabled pensioners: RP-2000 Blue Collar Table.
g. Percent of married employees	85% Males; 85% Females

- | | |
|----------------------------------|--------------------------------------|
| h. Spouse age difference | Males three years older than females |
| i. Turnover | Varies from 1% to 15% |
| j. Date of last experience study | July 2007 to June 2011 |

Oklahoma Public Employees Retirement System

Date of Last Actuarial Valuation	July 1, 2015
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	4.5% - 8.4%
d. Post retirement cost-of-living increase	None
e. Inflation Rate	3%
f. Mortality table	Active employees (pre and post retirement): RP-2000 Healthy Combined projected to 2010 using Scale AA. Disabled pensioners: RP-2000 Healthy Combined projected to 2010 using Scale AA set forward 15 years for disabled experience.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males four years older than females
i. Turnover	Varies from 1%-22%
j. Date of last experience study	May 9, 2014, for the 3 year period from July 1, 2010 to June 30, 2013

Uniform Retirement System for Justices and Judges

Date of Last Actuarial Valuation	July 1, 2015
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	5.0%
d. Post retirement cost-of-living increase	None
e. Inflation Rate	3%
f. Mortality table	Active employees (pre and post retirement): RP-2000 Healthy Combined projected to 2010 using Scale AA setback 1 year. Disabled pensioners: RP-2000 Healthy Combined Projected to 2010 using Scale AA set forward 14 years for disabled experience.
g. Percent of married employees	85% Males; 85% Females
h. Spouse age difference	Males four years older than females
i. Turnover	2%
j. Date of last experience study	May 9, 2014, for the 3 year period from July 1, 2010 to June 30, 2013

Oklahoma Police Pension and Retirement System

Date of Last Actuarial Valuation	July 1, 2015
a. Actuarial cost method	Entry age normal
b. Rate of return on investments and discount rate	7.5%
c. Projected salary increase	4.5% to 17.0%
d. Post retirement cost-of-living increase	Officers eligible to receive COLA according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3%.

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|----------------------------------|---|
| e. Inflation Rate | 3% |
| f. Mortality table | Active employees pre-retirement: RP-2000 Blue Collar Healthy Combined fully generational using Scale AA with age set back 4 years. Post-retirement: RP-2000 Blue Collar Healthy Combined fully generational using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined with age set forward 4 years. |
| g. Percent of married employees | 85% Males; 85% Females |
| h. Spouse age difference | Males three years older than females |
| i. Turnover | Varies from 1% to 20% |
| j. Date of last experience study | Five year period from July 1, 2007 to June 30, 2012. |

Teachers' Retirement System

Date of Last Actuarial Valuation June 30, 2015

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|--|---|
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 8% |
| c. Projected salary increase | 3.75% |
| d. Post retirement cost-of-living increase | None |
| e. Inflation Rate | 3% |
| f. Mortality table | Active employees - pre-retirement: RP-2000 Employee Mortality tables with male rates multiplied by 60% and females rates multiplied by 50%. Post-retirement: RP-2000 Combined Healthy Mortality table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. For females the GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012. Disabled pensioners: RP-2000 Mortality tables with male rates multiplied by 75%, no set back and female rates multiplied by 100%, no set back. |
| g. Percent of married employees | 80% Males; 80% Females |
| h. Spouse age difference | Males three years older than females |
| i. Turnover | Varies from 1.5% to 23% |
| j. Date of last experience study | May 2015, for a 5 year period ending June 30, 2014. |

Wildlife Conservation Retirement Plan

Date of Last Actuarial Valuation July 1, 2015

- | | |
|--|--|
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 7% |
| c. Projected salary increase | 4.5% to 7.0% |
| d. Post retirement cost-of-living increase | none |
| e. Inflation Rate | 3.5% |
| f. Mortality table | Active and retired employees: RP-2000 Combined table with Blue Collar Adjustment with projection to 10 years beyond valuation date using Scale AA. Disabled members: RP-2000 Disabled Annuitant. |
| g. Percent of married employees | Not available |
| h. Spouse age difference | Not available |
| i. Turnover | Not available |
| j. Date of last experience study | July 1, 2003 to June 30, 2008 |

G. Discount Rate

Oklahoma Firefighters Pension and Retirement System

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by state statutes.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	20%	5.13%
Equity	62%	8.98%
Alternative Investments	18%	6.86%
Total	<u>100%</u>	

Oklahoma Law Enforcement Retirement System

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes and other state sources will be made at the current contribution rates as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	30%	3.07%
Equity	60%	8.98%
Alternative Investments	10%	4.71%
Total	<u>100%</u>	

Oklahoma Public Employees Retirement System

The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	32%	0.97%
Equity	44%	5.45%
Alternative Investments	24%	6.00%
Total	100%	

Uniform Retirement System for Justices and Judges

The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	32%	0.97%
Equity	44%	5.45%
Alternative Investments	24%	6.00%
Total	100%	

Oklahoma Police Pension and Retirement System

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes and other state sources will be made at the current contribution rates as set out in state statute.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	25%	2.24%
Equity	60%	6.12%
Alternative Investments	15%	4.22%
Total	<u>100%</u>	

Teachers' Retirement System

The projection of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payroll. The projection of cash flows also assumed that the state's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 8.00% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	24%	2.95%
Equity	45%	6.32%
International Equity	17%	5.80%
Alternative Investments	14%	6.55%
Total	<u>100%</u>	

Wildlife Conservation Retirement Plan

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the department will be at least 100% of the department's required contribution.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Therefore, the discount rate used is 7.0% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	40%	0.78%
Equity	50%	8.68%
Alternative Investments	10%	2.34%
Total	<u>100%</u>	

H. Changes in Net Pension Liability

The total pension liability for the various pension systems were determined based on actuarial valuations performed as of July 1, 2015, which is also the measurement date. There were no changes in assumptions or changes between the measurement date of July 1, 2015, and the state's report ending date of June 30, 2016, that would have had a significant impact on the net pension liability. The following tables report the components of changes in net pension liability:

Oklahoma Law Enforcement Retirement System

Schedule of Changes in Net Pension Liability Increases (Decreases)

	<u>Total Pension Liability (a)</u>	<u>Plan Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance Beginning of Year	\$ 916,260,000	\$ 879,907,000	\$ 36,353,000
Changes for the Year:			
Service Cost	22,087,000	-	22,087,000
Interest	66,614,000	-	66,614,000
Difference between expected and actual return	51,090,000	-	51,090,000
Contributions-Employer	-	9,438,000	(9,438,000)
Contributions-State of Oklahoma a non-employer contributing entity	-	22,861,000	(22,861,000)
Contributions-Employee	-	6,390,000	(6,390,000)
Net Investment Income	-	34,802,000	(34,802,000)
Benefit payments, including refunds	(57,188,000)	(57,188,000)	-
Administrative expense	-	(1,069,000)	1,069,000
Other changes	-	-	-
Net Changes	<u>82,603,000</u>	<u>15,234,000</u>	<u>67,369,000</u>
Balances at June 30, 2015	<u>\$ 998,863,000</u>	<u>\$ 895,141,000</u>	<u>\$ 103,722,000</u>

Uniform Retirement System for Justices and Judges

Schedule of Changes in Net Pension Liability Increases (Decreases)

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance Beginning of Year	\$ 258,788,000	\$ 301,469,000	\$ (42,681,000)
Changes for the Year:			
Service Cost	9,602,000	-	9,602,000
Interest	18,812,000	-	18,812,000
Difference between expected and actual return	(4,598,000)	-	(4,598,000)
Contributions-Employer	-	5,295,000	(5,295,000)
Contributions-Employee	-	2,706,000	(2,706,000)
Net Investment Income	-	8,174,000	(8,174,000)
Benefit payments, including refunds	(16,204,000)	(16,204,000)	-
Administrative expense	-	(144,000)	144,000
Other changes	-	-	-
Net Changes	<u>7,612,000</u>	<u>(173,000)</u>	<u>7,785,000</u>
Balances at June 30, 2015	<u>\$ 266,400,000</u>	<u>\$ 301,296,000</u>	<u>\$ (34,896,000)</u>

Wildlife Conservation Retirement Plan

Schedule of Changes in Net Pension Liability Increases (Decreases)

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balance Beginning of Year	\$ 109,297,000	\$ 96,461,000	\$ 12,836,000
Changes for the Year:			
Service Cost	1,840,000	-	1,840,000
Interest	7,586,000	-	7,586,000
Difference between expected and actual return	(357,000)	-	(357,000)
Contributions-Employer	-	4,307,000	(4,307,000)
Contributions-Employee	-	655,000	(655,000)
Net Investment Income	-	4,097,000	(4,097,000)
Benefit payments, including refunds	(5,540,000)	(5,540,000)	-
Administrative expense	-	(49,000)	49,000
Other changes	-	-	-
Net Changes	<u>3,529,000</u>	<u>3,470,000</u>	<u>59,000</u>
Balances at June 30, 2015	<u>\$ 112,826,000</u>	<u>\$ 99,931,000</u>	<u>\$ 12,895,000</u>

I. Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate, as well as what net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage-point higher than the current rate:

Oklahoma Law Enforcement Retirement System

	1% Decrease in Discount rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability (Asset)	<u>\$ 234,315,000</u>	<u>\$ 103,722,000</u>	<u>\$ (3,378,000)</u>

Oklahoma Public Employees Retirement System

	1% Decrease in Discount rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability (Asset)	<u>\$ 1,069,293,000</u>	<u>\$ 286,962,000</u>	<u>\$ (378,144,000)</u>

Uniform Retirement System for Justices and Judges

	1% Decrease in Discount rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability (Asset)	<u>\$ (10,423,000)</u>	<u>\$ (34,896,000)</u>	<u>\$ (56,191,000)</u>

Oklahoma Police Pension and Retirement System

	1% Decrease in Discount rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability (Asset)	<u>\$ 713,000</u>	<u>\$ 12,000</u>	<u>\$ (579,000)</u>

Teachers' Retirement System

	1% Decrease in Discount rate (7.0%)	Current Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Net Pension Liability (Asset)	<u>\$ 2,228,179,000</u>	<u>\$ 1,611,824,000</u>	<u>\$ 1,093,750,000</u>

Wildlife Conservation Retirement Plan

	1% Decrease in Discount rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Net Pension Liability (Asset)	<u>\$ 25,725,000</u>	<u>\$ 12,895,000</u>	<u>\$ 1,912,000</u>

J. Deferred Outflows/Inflows of Resources**Oklahoma Law Enforcement Retirement System**

At June 30, 2015, OLERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 42,031,000	\$ 6,349,000
Net difference between projected and actual plan investment earnings	24,376,000	38,360,000
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions made since measurement date	10,219,000	
	<u>\$ 76,626,000</u>	<u>\$ 44,709,000</u>

Oklahoma Public Employees Retirement System

At June 30, 2015, OPERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 31,906,000
Net difference between projected and actual plan investment earnings	236,907,000	367,074,000
Changes in Assumptions	4,464,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions		2,216,000
Contributions made since measurement date	236,352,000	-
	<u>\$ 477,723,000</u>	<u>\$ 401,196,000</u>

Uniform Retirement State Judges and Justices

At June 30, 2015, URSJJ reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	N/A
Net difference between projected and actual plan investment earnings	-	-
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions		
Contributions made since measurement date	5,832,000	-
	<u>\$ 5,832,000</u>	<u>N/A</u>

Oklahoma Police Pension and Retirement System

At June 30, 2015, OPPRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 66,000
Net difference between projected and actual plan investment earnings	213,000	259,000
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,000	5,000
Contributions made since measurement date	112,000	-
	<u>\$ 330,000</u>	<u>\$ 330,000</u>

Teachers' Retirement System

At June 30, 2015, TRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 54,488,000
Net difference between projected and actual plan investment earnings	149,130,000	257,956,000
Changes in Assumptions	76,813,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,910,000	
Contributions made since measurement date	108,240,000	
	<u>\$ 422,093,000</u>	<u>\$ 312,444,000</u>

Wildlife Conservation Retirement Plan

At June 30, 2015, WCRP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 200,000	\$ 298,000
Net difference between projected and actual plan investment earnings	2,107,000	3,889,000
Changes in Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions made since measurement date	3,700,000	-
	<u>\$ 6,007,000</u>	<u>\$ 4,187,000</u>

K. Amortization of Pension Deferrals

Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows:

For year ended June 30, 2015						
	Law Enforcement Retirement System	Public Employees Retirement System	Retirement System Judges and Justices	Police Pension and Retirement System	Teacher's Retirement System	Wildlife Conservation
2016	\$ 655,000	\$ (85,803,000)	\$ -	\$ (48,000)	\$ (28,344,000)	\$ (781,000)
2017	655,000	(69,685,000)	-	(48,000)	(28,344,000)	(781,000)
2018	655,000	(64,498,000)	-	(48,000)	(28,344,000)	(781,000)
2019	13,938,000	59,111,000	-	39,000	57,641,000	515,000
2020	5,797,000	-	-	(5,000)	23,353,000	(44,000)
2021	-	-	-	-	22,289,000	(8,000)
Total	<u>21,700,000</u>	<u>(160,875,000)</u>	<u>-</u>	<u>(110,000)</u>	<u>18,251,000</u>	<u>(1,880,000)</u>

L. Payables to the Pension Plans – The amounts presented below represent the amount payable from the State of Oklahoma to the pension plans at June 30, 2016. This includes both contributions payable and dedicated taxes that had yet to be paid.

	Payable at Fiscal Year End
Firefighters Pension and Retirement Plan	\$ 19,128,000
Law Enforcement Retirement System	4,389,000
Public Employees Retirement System	10,743,000
Retirement System Judges and Justices	676,000
Police Pension and Retirement System	7,439,000
Teacher's Retirement System	<u>35,127,000</u>
Total	<u>\$ 77,502,000</u>

M. State General Fund Portion -- The amounts presented below represent Net Pension Liability, Deferred Inflows, Deferred Outflows, and Pension Expense related to the various pension systems recorded to Governmental Activities on the Government-Wide Statement of Net Position. These amounts were determined based on actuarial valuations performed as of July 1, 2015, which is also the measurement date.

	General Fund Portion	Pension Assets	Pension Liabilities	Net Pension Liability (Asset)	Deferred Inflows	Deferred Outflows	Pension Expense
Law Enforcement Retirement System	93.506%	\$ 837,011,000	\$ 933,997,000	\$ 96,986,000	\$ 41,806,000	\$ 71,650,000	\$ 17,544,000
Public Employees Retirement System	75.500%	6,520,499,000	6,792,060,000	271,561,000	377,567,000	231,032,000	1,222,000
Judges and Justices Retirement System	100.000%	301,296,000	266,400,000	(34,896,000)	-	5,832,000	279,000
Police Pension and Retirement System	0.291%	6,589,000	6,601,000	12,000	330,000	330,000	44,000
Teachers Retirement System	1.167%	168,626,000	239,832,000	71,206,000	7,215,000	26,035,000	842,000
Wildlife Commission Retirement Plan	100.000%	99,932,000	112,827,000	12,895,000	4,187,000	6,007,000	1,309,000
Total		<u>\$ 7,933,953,000</u>	<u>\$ 8,351,717,000</u>	<u>\$ 417,764,000</u>	<u>\$ 431,105,000</u>	<u>\$ 340,886,000</u>	<u>\$ 21,240,000</u>

N. Changes Subsequent to Measurement Date – The following changes have been made to pension plan policy since the measurement date. These changes could potentially change the calculation of Net Pension Liability.

- Oklahoma Law Enforcement Retirement System: House Bill 1053 modifies Plan language in order to remain compliant with IRS guidelines and regulations. Effective April 27, 2015.
- Oklahoma Police Pension and Retirement System:

House Bill 2273 amends the computation of final average salary to be based on paid base salary in which required contributions have been made. Amends and clarifies the definition of paid base salary, including its components and exclusions. Adds additional language regarding the purchase of transferred credited service to comply with IRS rules regarding the use of Roth and non-Roth type accounts. Effective May 27, 2016.

Senate Bill 345 authorizes the Oklahoma Police Pension and Retirement System Board of Trustees to adopt rules for computation of the purchase price for transferred service credit and the purchase methods available, including time periods available to complete the purchase; additional required language regarding distributions necessary for the System to remain an IRS qualified plan. Effective April 7, 2015.

- Oklahoma Firefighters Pension and Retirement System:

House Bill 1002 directs the System Board of Trustees to use IRS guidelines to determine if a potential rollover from another system may be rolled into the Oklahoma Firefighters Pension and Retirement System. The Board is required to use IRS guidelines to determine the taxable portion of a distribution from the System. Effective June 4, 2015.

House Bill 2005 prevents any volunteer firefighter who begins service on or after age 45 from becoming a participant in the Oklahoma Firefighters Pension and Retirement System. Effective April 21, 2015.

Senate Bill 1021 modified the termination date of local boards. The termination date was extended from December 31, 2000, to December 31, 2016. Effective April 11, 2016.

Senate Bill 1022 clarified certain forms of payments made to members of the Oklahoma Firefighters Pension and Retirement System. Effective April 11, 2016.

O. Defined Contribution Plan

The Oklahoma Department of Wildlife Conservation's (ODWC) defined contribution plan (the "DC Plan") is a single-employer plan that covers the employees of the ODWC with a hire date of July 1, 2010, or later. The DC Plan provides retirement benefits to plan members and their beneficiaries. At June 30, 2015, there were 87 plan members. Plan members are required to contribute 5% of compensation annually. The ODWC's annual contribution is based on the employee's number of completed years of credited service with the ODWC, defined as follows:

<u>Percent of Compensation Years of Credited Service</u>	<u>Contributed by the Employer</u>
Less than 5	6%
At least 5 but less than 10	8%
At least 10 but less than 15	10%
At least 15 or more	12%

Employees vest in 100% of ODWC's contributions after 5 years of credited service.

For the years ended June 30, 2015, the ODWC contributed \$198,000, and eligible employees contributed \$162,000 to the DC Plan.

House Bill 2630 and Senate Bill 2120 directed the Oklahoma Public Employees Retirement System to establish a defined contribution retirement system for members first employed by a participating employer of the system on or after November 1, 2015, including statewide elected officials and legislators. The provisions of this bill are not applicable to hazardous duty members, district attorneys, assistant district attorneys or other employees of the district attorney's office who will continue to participate in the defined benefit plan. Also excluded are employees of a county, county elected officials, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates and is the primary beneficiary.

This new defined contribution plan was created and implemented during the year ended June 30, 2016. Under this new plan, participating employees contribute a minimum of 4.5% of their compensation. Participating employers match employee contributions up to 7%. In addition to the matching contributions, participating employers are required to remit to OPERS the difference between the matching contributions for defined contribution plan members and the amount the participating employer would have contributed for a defined benefit plan member.

At June 30, 2016 there were 1,797 plan members. For the year ended June 30, 2016, OPERS contributed \$1,175,000 and eligible employees contributed \$827,000 to the DC Plan.

Note 15. Other Postemployment Benefits (OPEB)

1. General Description of the Other Postemployment Benefits

The Employees Group Insurance Division (EGID), a division of the Office of Management and Enterprise Services (OMES) manages a legal trust which provides group health, life, dental and disability benefits for active employees and retirees (should they so elect) of state agencies, school districts and other governmental units. EGID, as a multi-line insurance provider, receives OPEB payments on behalf of retiree's from several of the state's pension plans and the Department of Wildlife.

The Department of Wildlife Conservation, part of the Primary Government, at its expense, provides a health insurance allowance (OPEB) to retirees for the payment of health insurance premiums at retirement where the retiree elects continued coverage through EGID. This allowance is reduced when the retiree is eligible for Medicare. The coverage amount is established by the Department on an annual basis and can be discontinued at the Board's discretion.

As mandated by statute, several of the state's pension plans provide an OPEB benefit to retirees should a retiree make such an election at retirement to continue health coverage through the state's provider, EGID. This contribution is for a fixed amount that varies slightly from pension to pension. This benefit is included in the pension systems' actuarial valuations to determine both funded and unfunded liabilities, but is not considered material to each respective pension as a whole.

2. Funding Policy

The Employees Group Insurance Division (EGID), operates as an insurance company and as an access provider to other health and dental plans, primarily board approved health maintenance organizations (HMOs) and dental maintenance organizations (DMOs). EGID receives monthly premium contributions directly from retirees except for the nominal amount received from the participating pension plans and the Department of Wildlife Conservation. Employers make no contribution on a retiree's behalf, and have no liability to EGID once an employee enters retirement.

The state has one department of the Primary Government that makes payments to EGID on behalf of retirees, the Department of Wildlife Conservation. The Department provides \$150 per month as established by its board toward health insurance coverage should retirees so elect at retirement. These contributions are made on a pay-as-you go basis, and no separate account has been established to pre-fund these costs. For the fiscal years 2016, 2015, and 2014, the department paid into EGID as follows, representing 100% of the Department's board mandated contributions to EGID:

	<u>FY 2016 Contributions</u>	<u>FY 2015 Contributions</u>	<u>FY 2014 Contributions</u>
Primary Government			
Dept. of Wildlife Conservation	<u>\$ 212,000</u>	<u>\$ 213,000</u>	<u>\$ 203,000</u>

The state has two cost-sharing multi-employer retirement systems that make payments to EGID on behalf of retirees should a retiree so elect. These plans are the Oklahoma Public Employees Retirement System (OPERS) and the Teachers' Retirement System of Oklahoma (TRS). The state also has two single employer retirement systems that make payments to EGID on behalf of retirees, the Uniform Retirement System for Judges and Justices (URSJJ) and the Oklahoma Law Enforcement Retirement System (OLERS). As mandated by statute, these plans pay between \$100 and \$105 per month to EGID on behalf of retirees if so elected. For fiscal years 2016, 2015, and 2014, the retirement systems paid into EGID as follows, representing 100% of the state's legislatively required contributions to EGID:

	<u>FY 2016 Contributions</u>	<u>FY 2015 Contributions</u>	<u>FY 2014 Contributions</u>
Fiduciary Component Units			
OPERS (a)	\$ 18,799,000	\$ 18,723,000	\$ 18,722,000
TRS (a)	30,522,000	30,363,000	30,136,000
URSJJ (b)	175,000	168,000	164,000
OLERS (b)	847,000	833,000	822,000
	<u>\$ 50,343,000</u>	<u>\$ 50,087,000</u>	<u>\$ 49,844,000</u>

(a) - Cost Sharing Multi-Employer Retirement Plan

(b) - Single Employer Retirement Plan

Component Units

Sixteen of the institutions included in the Higher Education Component Unit sponsor single-employer OPEB plans as designated by each institution's governing Board of Regents. These independent trust plans primarily provide supplemental health, dental, and life insurance benefits to participating retirees. Eligibility requirements and benefits differ significantly between the participating higher education institutions. Current year benefit expenditures, funded primarily on a pay-as-you-go basis, totaled approximately \$13,104,000 in fiscal year 2016 for sixteen participating institutions. Complete disclosure for each higher education institution can be obtained from the Oklahoma State Regents for Higher Education, 655 Research Parkway, Suite 200, Oklahoma City, OK 73104.

3. Annual Pension Cost and Net OPEB Obligation

The Department of Wildlife Conservation's annual OPEB cost is calculated based on its annual required contribution (ARC), an actuarially determined amount in accordance with GAAP. It represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period of 30 years. The annual OPEB cost and net OPEB obligation for the current year is as follows (expressed in thousands):

	Wildlife OPEB
Normal cost	\$ 83
Amortization of actuarial accrued liability (AAL)	273
Annual required contribution (ARC)	356
Interest on net OPEB obligation	25
ARC adjustment	(36)
Annual OPEB cost	345
Actual amount of net employer disbursements	(211)
Increase in net OPEB obligation	134
Net OPEB obligation, beginning of year	640
Net OPEB obligation, end of year	\$ 774
Actuarial Assumptions:	
Investment rate of return	4.0%
Inflation rate	0.0%
Annual healthcare cost	5.0%
Actuarial cost method	Entry age normal
Amortization method	30 years, level dollar, open period

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the substantive OPEB plan, and the net OPEB obligation were as follows:

Three-Year Trend Information
Wildlife Conservation OPEB Substantive Plan
(expressed in thousands)

Fiscal Year Ending	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 345	61%	\$ 774
6/30/2015	\$ 337	63%	640
6/30/2014	331	61%	516

The following Required Supplementary Information for the Department of Wildlife Conservation was determined as part of the actuarial valuation for the dates indicated.

Schedule of Funding Progress
Wildlife Conservation OPEB Substantive Plan
(unaudited)
(expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2016	\$ -	\$ 5,215	\$ 5,215	0.0%	\$ 16,937	30.8%
7/1/2015	-	4,817	4,817	0.0%	16,620	29.0%
7/1/2014	-	4,760	4,760	0.0%	15,778	30.2%

The Department's OPEB is not funded and there are no OPEB plan assets as it is a substantive plan. As of July 1, 2016, the most recent actuarial valuation date, the AAL for benefits was approximately \$5.2 million and the actuarial value of assets was zero, resulting in an UAAL of \$5.2 million.

The actuarial valuation for this substantive plan (the plan as currently understood by the employer and the plan members), involves estimates of the value of reported amounts and assumptions about the probability of events occurring far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Projections include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods used are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective.

Note 16. On-Behalf Payments

The Teacher's Retirement System (TRS) of Oklahoma receives 5% of the state's sales, use, corporate and individual income taxes collected as dedicated tax. Senate Bill 1376, which became law in July 2002, provides that the percentage of the state's collected dedicated taxes allocated to the TRS increased from 4.5% to 5.0% on July 1, 2007, and thereafter. The System receives 1% of the cigarette taxes collected by the state and receives 5% of the net lottery proceeds collected by the state. The System received approximately \$316,000,000 from the state for the year ended June 30, 2016.

The Firefighters Pension and Retirement System (OFPRS) of Oklahoma received 36% of the state's insurance premium tax revenue. OFPRS received approximately \$92,000,000 from the state for the year ended June 30, 2016. Of the same insurance premium tax revenue, the Police Pension and Retirement System (OPPRS) of Oklahoma and Law Enforcement Retirement System (OLERS) received 14% and 5% respectively. OPPRS and OLERS received approximately \$36,000,000 and \$13,000,000 from the state for the year ended June 30, 2016, respectively.

Note 17. Commitments

Primary Government

For the year ended June 30, 2016, the General Fund has encumbrances of \$662,246,000 within the restricted and committed fund balances of the governmental funds.

The Department of Transportation has contractual commitments at June 30, 2016, of approximately \$1,015,695,000 for the construction of various highway projects. Future appropriations will fund these commitments as work is performed.

The Department of Human Services (DHS) maintains a construction unit which engages in capital improvements of state buildings. At year end, DHS has long-term projects totaling \$31,515,000 for the General Fund.

The Oklahoma Capital Improvement Authority has issued bonds in the aggregate principal amount of \$50,000,000 for the Office of Management and Enterprise Services to provide funding for repairs, refurbishments and improvements to the State Capitol Building. This bond issuance is the first series of obligations sold under two authorizations totaling \$245,000,000 for the Capitol Repair Project.

Component Units

The University of Oklahoma has outstanding commitments under construction contracts totaling \$148,247,000 at June 30, 2016.

Oklahoma State University has outstanding commitments under construction contracts of approximately \$100,820,000 at June 30, 2016.

The Oklahoma Turnpike Authority (OTA) has commitments outstanding at December 31, 2015, relating to equipment orders and supplies of approximately \$8,808,000. At December 31, 2015, OTA has commitments outstanding relating to construction and maintenance contracts of approximately \$39,746,000.

The Oklahoma Municipal Power Authority (OMPA) purchased approximately \$17,256,000 of power pursuant to several long-term purchase agreements during 2015. OMPA is obligated to purchase, at a minimum, approximately \$17,266,000 of power in 2016.

The Grand River Dam Authority (Authority) makes and receives commitments for purchases of coal and other materials. The Authority has contractual commitments at December 31, 2015, for long-term coal and freight purchases under contracts through 2025 with estimated minimum obligations for the next fiscal year ending December 31, 2016 of \$52,694,000, and total obligations of \$484,550,000 through 2025.

Note 18. Litigation and Contingencies

The state and its component units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the state for property damage and personal injury, alleged breaches of contract, condemnation proceedings, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the state, but remained unpaid as of June 30, 2016.

The state receives significant financial assistance from the Federal Government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the state. As of June 30, 2016, the Oklahoma Healthcare Authority had questioned costs totaling \$4,191,000. The likelihood of future reimbursement to the federal grantor is probable, thus a liability has been recorded on the Statement of Net Position.

Primary Government

Through the normal course of operations there are many legal cases which involve the state as a party. Most of these cases are currently deemed to have a remote chance of loss or will result in a gain to the state. The assessment of several cases indicates there is the reasonably possible or probable chance of a loss occurring to the state. Current estimates for these losses range from \$600,000 to \$5,300,000.

The Department of Transportation (DOT) has incurred significant expenditures on construction projects that have exceeded the amounts approved by the federal grantor. These project expenditures are held in suspense until approved by the federal grantor and subsequently reimbursed. Based on prior years' experience, the reimbursement of expenditures is highly probable. At June 30, 2016, DOT has project expenditures totaling \$2,334,000 that will be reimbursed pending approval of the Federal Government.

Component Units

The Oklahoma Capital Investment Board (OCIB), as a public trust of the State of Oklahoma, has authority to transfer tax credits to public entities. Tax credits can be transferred by OCIB in conjunction with a legitimate call on an OCIB guarantee. As of June 30, 2016, OCIB had a maximum commitment line of credit of \$23,000,000. As of June 30, 2016, the line of credit had an outstanding balance of \$15,625,000. All of the outstanding balance is classified as long-term debt. In addition to the debt, OCIB reported, as of June 30, 2016, a net position deficit of \$3,128,000.

The credits and OCIB's right to transfer the credits expire if not utilized by June 30, 2020. As of June 30, 2016, \$30,915,000 of tax credits had been transferred. Four entities currently have signed agreements to purchase up to an aggregate of \$8,000,000 of tax credits per year at the sole discretion of OCIB. OCIB has the authority to issue up to \$20,000,000 of tax credits per year with an overall maximum of \$100,000,000. The remaining \$69,085,000 of tax credits were not considered impaired at June 30, 2016, as there was sufficient time remaining for the tax credits to be utilized before they expire.

Note 19. Subsequent Events

Oklahoma Capital Improvement Authority has authorized but not issued lease revenue bonds totaling \$290,000,000 for outstanding tax-exempt issues.

Oklahoma Water Resources Board has authorized but not issued bonds totaling \$300,000,000 for the state loan program.

Oklahoma State University has authorized but not issued bonds totaling \$35,000,000 for the construction of facilities to expand telemedicine to rural areas in Oklahoma.

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Gold Dome and Milk Bottle buildings located in Oklahoma City. Overholser Steel Truss Bridge located in Bethany, OK.

Required Supplementary Information

Budgetary Comparison Schedule
 Budget to Actual (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 2016
 (expressed in thousands)

		GENERAL FUND				
		BUDGET				
		ORIGINAL	Amendments	FINAL	ACTUAL	VARIANCE
EDUCATION						
State Arts Council						
01	Duties	\$ 3,265	\$ -	\$ 3,265	\$ 2,072	\$ 1,193
11	FY15 Carryover	-	342	342	-	342
	Agency Total	3,265	342	3,607	2,072	1,535
Department Of Education						
05	Administrative and Support Functions	20,831	-	20,831	16,427	4,404
03	Certified Employee Health Benefit Allow ance	248,830	-	248,830	248,830	-
01	Financial support of Public Schools	921,359	-	921,359	921,359	-
01	Financial support of Public Schools	75,000	-	75,000	75,000	-
01	Financial support of Public Schools (Min Lea)	3,800	-	3,800	3,800	-
02	Financial support of Public Schools (Min Lea)	1,603	-	1,603	1,603	-
02	Public School Activities	121,066	-	121,066	101,059	20,007
04	Support Personnel Health Benefit Allow ance	138,072	-	138,072	138,072	-
02	Textbooks	33,000	-	33,000	32,986	14
03	Ad Valorem Reimbursement Fund	-	47,074	47,074	47,074	-
01	Duties	-	51,000	51,000	51,000	-
	Agency Total	1,563,561	98,074	1,661,635	1,637,210	24,425
Office of Educational Quality and Accountability						
01	Duties	1,239	-	1,239	897	342
01	Duties	500	-	500	376	124
11	FY15 Carryover	-	520	520	518	2
	Agency Total	1,739	520	2,259	1,791	468
Commission of the Land Office						
01	Duties	8,539	-	8,539	7,464	1,075
	Agency Total	8,539	-	8,539	7,464	1,075
Department of Libraries						
01	Duties	4,854	-	4,854	4,646	208
11	FY15 Carryover	-	109	109	109	-
	Agency Total	4,854	109	4,963	4,755	208
Physician Manpower Training Commission						
01	Duties	3,280	-	3,280	3,116	164
01	Duties	400	-	400	400	-
11	FY15 Carryover	-	1	1	1	-
	Agency Total	3,680	1	3,681	3,517	164
Center for Advancement of Science and Technology						
01	Duties	14,853	-	14,853	13,500	1,353
	Agency Total	14,853	-	14,853	13,500	1,353
Oklahoma School of Science and Math						
01	Duties	6,575	-	6,575	5,057	1,518
11	FY15 Carryover	6,575	-	6,575	5,057	1,518
	Agency Total					

GENERAL FUND					
	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		
Department of Career and Technology Education					
08 Duties	119,298	-	119,298	113,174	6,124
18 FY 15 Carryover	-	8,571	8,571	6,849	1,722
Agency Total	119,298	8,571	127,869	120,023	7,846
Education Total	1,726,364	107,617	1,833,981	1,795,389	38,592
GENERAL GOVERNMENT					
Office of Management and Enterprise Services					
01 Duties	18,463	-	18,463	15,555	2,908
01 For transfer to Bldg & Fac Revolv (Fund 245)	3,611	-	3,611	3,611	-
02 For transfer to Bldg & Fac Revolv (Fund 245)	3,828	-	3,828	3,828	-
02 Duties (Capitol Bond Debt Service)	-	8,078	8,078	36	8,042
11 FY 15 Carryover	-	16	16	16	-
13 FY 15 Carryover	-	240	240	-	240
Agency Total	25,902	8,334	34,236	23,046	11,190
Department of Commerce					
01 Duties	15,019	-	15,019	11,319	3,700
02 Duties - NACEA	6,163	-	6,163	6,138	25
11 FY 15 Carryover	-	4,458	4,458	4,070	388
12 FY 15 Carryover	-	149	149	149	-
Agency Total	21,182	4,607	25,789	21,676	4,113
State Election Board					
01 Duties	4,781	-	4,781	3,422	1,359
02 Duties	2,425	-	2,425	2,194	231
12 FY 15 Carryover	-	234	234	234	-
21 FY 14 Carryover	-	249	249	249	-
11 FY 15 Carryover	-	1,623	1,623	1,623	-
Agency Total	7,206	2,106	9,312	7,722	1,590
Ethics Commission					
01 Duties	722	-	722	709	13
02 Duties - reappropriation	39	-	39	39	-
02 Duties - reappropriation	22	-	22	21	1
Agency Total	783	-	783	769	14
Merit Protection Commission					
01 Duties	400	-	400	230	170
11 FY 15 Carryover	-	215	215	215	-
Agency Total	400	215	615	445	170
State Auditor and Inspector					
01 Duties	3,118	-	3,118	3,102	16
02 County Govt Personnel Educ & Trng	249	-	249	231	18
11 FY15 Carryover	-	21	21	21	-
Agency Total	3,367	21	3,388	3,354	34
Governor					
01 Duties	1,816	-	1,816	1,670	146
11 FY15 Carryover	-	85	85	85	-
Agency Total	1,816	85	1,901	1,755	146
Lieutenant Governor					
01 Duties	412	-	412	197	215
11 FY15 Carryover	-	249	249	249	-
Agency Total	412	249	661	446	215
State Bond Advisor					
01 Duties	117	-	117	116	1
Agency Total	117	-	117	116	1

GENERAL FUND						
BUDGET						
ORIGINAL	Amendments	FINAL	ACTUAL	VARIANCE		
Tax Commission						
30	Duties	38,498	-	38,498	36,126	2,372
	Agency Total	38,498	-	38,498	36,126	2,372
Treasurer						
01	Duties	2,875	-	2,875	1,457	1,418
01	State Land Reimbursements	95	-	95	95	-
11	FY14 Carryover	-	200	200	82	118
11	FY15 Carryover	-	950	950	815	135
	Agency Total	2,970	1,150	4,120	2,449	1,671
General Government Total						
		102,653	16,767	119,420	97,904	21,516
HEALTH SERVICES						
Department of Health						
01	Duties	56,388	-	56,388	50,068	6,320
	Agency Total	56,388	-	56,388	50,068	6,320
Mental Health and Substance Abuse						
01	Duties	302,893	-	302,893	283,493	19,400
03	Duties	15,000	-	15,000	15,000	-
	Agency Total	317,893	-	317,893	298,493	19,400
Health Care Authority						
01	Duties (to Disbursing Funds 200 and 340)	847,974	-	847,974	847,974	-
01	Duties (to Disbursing Funds 200 and 340)	20,000	-	20,000	20,000	-
	Agency Total	867,974	-	867,974	867,974	-
Health Services Total						
		1,242,255	-	1,242,255	1,216,535	25,720
LEGAL AND JUDICIARY						
Indigent Defense System						
01	Duties	14,954	-	14,954	13,333	1,621
11	FY15 Carryover	-	670	670	670	-
	Agency Total	14,954	670	15,624	14,003	1,621
Attorney General						
01	Duties	12,089	-	12,089	11,664	425
02	For transfer to the Legal Services Rev Fund	841	-	841	841	-
	Agency Total	12,930	-	12,930	12,505	425
Court of Criminal Appeals						
01	Duties	3,376	-	3,376	3,231	145
11	FY15 Carryover	-	477	477	473	4
	Agency Total	3,376	477	3,853	3,704	149
District Courts						
01	Duties - District Courts	2,415	-	2,415	2,346	69
01	Duties - District Courts	10,000	-	10,000	9,998	2
	Agency Total	12,415	-	12,415	12,344	71
Supreme Court						
01	Duties	6,459	-	6,459	5,379	1,080
11	FY15 Carryover	-	616	616	616	-
	Agency Total	6,459	616	7,075	5,995	1,080
Legal and Judiciary Total						
		50,134	1,763	51,897	48,551	3,346

GENERAL FUND					
	BUDGET			ACTUAL	VARIANCE
	ORIGINAL	Amendments	FINAL		
MUSEUMS					
J.M. Davis Arms and Historical Museum					
01 Duties	255	-	255	255	-
Agency Total	255	-	255	255	-
Historical Society					
01 Duties	10,768	-	10,768	10,367	401
Agency Total	10,768	-	10,768	10,367	401
Will Rogers Memorial Commission					
01 Duties	617	-	617	596	21
Agency Total	617	-	617	596	21
Museums Total	11,640	-	11,640	11,218	422
NATURAL RESOURCES					
Department of Agriculture					
01 Duties	21,086	-	21,086	19,546	1,540
01 Duties	2,000	-	2,000	2,000	-
Agency Total	23,086	-	23,086	21,546	1,540
Department of Environmental Quality					
02 Duties	6,777	-	6,777	6,568	209
Agency Total	6,777	-	6,777	6,568	209
Department of Tourism and Recreation					
01 Duties	12,121	-	12,121	11,831	290
11 FY 15 Carryover	-	4,219	4,219	4,092	127
Agency Total	12,121	4,219	16,340	15,923	417
Scenic Rivers Commission					
01 Duties	252	-	252	252	-
Agency Total	252	-	252	252	-
Conservation Commission					
01 Duties	9,261	-	9,261	8,691	570
Agency Total	9,261	-	9,261	8,691	570
Water Resources Board					
01 Duties	5,806	-	5,806	5,616	190
11 FY 15 Carryover	-	387	387	387	-
Agency Total	5,806	387	6,193	6,003	190
Natural Resources Total	57,303	4,606	61,909	58,983	2,926
PUBLIC SAFETY AND DEFENSE					
Oklahoma Military Department					
01 Duties	10,500	-	10,500	8,190	2,310
Agency Total	10,500	-	10,500	8,190	2,310
Alcohol Beverage Laws Enforcement					
01 Duties	2,632	-	2,632	2,592	40
Agency Total	2,632	-	2,632	2,592	40
Department of Corrections					
30 Duties	366,415	-	366,415	348,742	17,673
01 Duties	15,906	-	15,906	11,597	4,309
01 Duties	75,000	-	75,000	75,000	-
01 Duties	-	27,580	27,580	19,026	8,554
Agency Total	457,321	27,580	484,901	454,365	30,536

GENERAL FUND						
BUDGET						
ORIGINAL	Amendments	FINAL	ACTUAL	VARIANCE		
District Attorney's Council						
01 Duties		36,127	-	36,127	35,927	200
Agency Total		36,127	-	36,127	35,927	200
Pardon and Parole Board						
01 Duties		2,294	-	2,294	1,836	458
Agency Total		2,294	-	2,294	1,836	458
State Bureau of Investigation						
01 Duties		9,992	-	9,992	9,979	13
Agency Total		9,992	-	9,992	9,979	13
Department of Emergency Management						
01 Duties		530	-	530	481	49
Agency Total		530	-	530	481	49
State Fire Marshal						
01 Duties		1,320	-	1,320	1,285	35
Agency Total		1,320	-	1,320	1,285	35
Board of Medicolegal Investigations						
01 Duties		9,018	-	9,018	5,526	3,492
Agency Total		9,018	-	9,018	5,526	3,492
Council on Law Enforcement, Education, and Training						
01 Duties		3,105	-	3,105	2,745	360
02 Duties		133	-	133	124	9
01 Duties		59	-	59	59	-
Agency Total		3,297	-	3,297	2,928	369
Bureau of Narcotics and Dangerous Drugs						
01 Duties		3,499	-	3,499	3,499	-
Agency Total		3,499	-	3,499	3,499	-
Department of Public Safety						
01 Duties		68,643	-	68,643	65,947	2,696
01 Duties		20,000	-	20,000	20,000	-
Agency Total		88,643	-	88,643	85,947	2,696
Public Safety and Defense Total						
		625,173	27,580	652,753	612,555	40,198
REGULATORY SERVICES						
Department of Mines						
01 Duties		817	-	817	753	64
11 FY15 Carryover		-	68	68	-	68
Agency Total		817	68	885	753	132
Corporation Commission						
01 Duties		4,933	-	4,933	4,897	36
11 FY15 Carryover		-	568	568	419	149
Agency Total		4,933	568	5,501	5,316	185
Oklahoma Horse Racing Commission						
01 Duties		1,836	-	1,836	1,703	133
11 FY15 Carryover		-	36	36	33	3
Agency Total		1,836	36	1,872	1,736	136

GENERAL FUND					
BUDGET					
	ORIGINAL	Amendments	FINAL	ACTUAL	VARIANCE
Insurance Department					
01 Duties	1,546	-	1,546	1,442	104
Agency Total	1,546	-	1,546	1,442	104
Department of Labor					
01 Duties	2,064	-	2,064	1,935	129
02 Duties	837	-	837	707	130
02 Duties	884	-	884	659	225
Agency Total	3,785	-	3,785	3,301	484
Regulatory Services Total					
	12,917	672	13,589	12,548	1,041
SOCIAL SERVICES					
Commission on Children and Youth					
10 Duties	1,835	-	1,835	1,588	247
11 FY 15 Carryover	-	275	275	275	-
Agency Total	1,835	275	2,110	1,863	247
Office of Disability Concerns					
01 Duties	259	-	259	241	18
11 FY 15 Carryover	-	21	21	21	-
Agency Total	259	21	280	262	18
Office of Juvenile Affairs					
01 Duties	92,069	-	92,069	84,031	8,038
11 FY 15 Carryover	-	1,240	1,240	1,091	149
Agency Total	92,069	1,240	93,309	85,122	8,187
Department of Veterans Affairs					
01 Duties	31,006	-	31,006	30,511	495
11 FY 15 Carryover	-	43	43	43	-
Agency Total	31,006	43	31,049	30,554	495
J.D. McCarty Center					
10 Duties	4,023	-	4,023	3,520	503
11 FY 15 Carryover	-	150	150	150	-
Agency Total	4,023	150	4,173	3,670	503
Department of Rehabilitation Services					
01 Duties (to disbursing funds)	28,779	-	28,779	28,779	-
Agency Total	28,779	-	28,779	28,779	-
University Hospitals Authority					
01 Duties	36,723	-	36,723	33,373	3,350
Agency Total	36,723	-	36,723	33,373	3,350
Department of Human Services					
01 Duties (to Disbursing Funds)	581,200	-	581,200	581,200	-
03 Duties (to Disbursing Funds)	54,000	-	54,000	54,000	-
Agency Total	635,200	-	635,200	635,200	-
Social Services Total					
	829,894	1,729	831,623	818,823	12,800

GENERAL FUND									
BUDGET									
ORIGINAL		Amendments		FINAL		ACTUAL		VARIANCE	
TRANSPORTATION									
Oklahoma Space Industry Development Auth.									
01 Duties to Space Industries Dev.		321		-		321		321 -	
Agency Total		321		-		321		321 -	
Transportation Total		321		-		321		321 -	
General Fund Total		\$ 4,658,654		\$ 160,734		\$ 4,819,388		\$ 4,672,827 \$ 146,561	

SUMMARY OF REVENUE BY FUNCTION OF GOVERNMENT

Education Revenue Total	74,392	-	74,392	84,878	(10,486)
General Government Revenue Total	6,044,926	-	6,044,926	5,506,514	538,412
Public Safety and Defense Total	3,268	-	3,268	3,188	80
Regulatory Services Total	2,173	-	2,173	2,299	(126)
Revenue Total	\$ 6,124,759	\$ -	\$ 6,124,759	\$ 5,596,879	\$ 527,880

Notes to Required Supplementary Information

Budgetary Reporting

For The Fiscal Year Ended June 30, 2016
(expressed in thousands)

The Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis. The Schedule represents budgetary comparisons at the legal level of budgetary control (i.e. line item level). The schedule is prepared on a cash basis plus encumbrances where the expenditures are expected to be presented by November 15th in the following fiscal year. Certain appropriations are transferred to continuing funds for expenditure. Unexpended amounts may then be rebudgeted in subsequent fiscal years. These transfers are not included in the total expenditures on the Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis).

Reconciliation of Budgetary Fund Balance to GAAP Fund Balance

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resulting basis, perspective, and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 2016, is presented below (expressed in thousands) for the General Fund:

Budgetary Basis Fund Balance, June 30, 2015	\$	430,635
Excess of total sources over total uses of financial resources (Budgetary Basis)		<u>162,943</u>
Budgetary Basis Fund Balance, June 30, 2016		593,578
Entity and Perspective Differences:		
Non-budgeted Funds and Capital Funds		2,316,199
Encumbrances		84,564
Basis Differences:		
Add: Net accrued revenues, related receivables, and deferred revenues		1,197,736
Less: Net accrued expenditures and related liabilities		<u>(1,242,232)</u>
GAAP Basis Fund Balance, June 30, 2016	\$	<u><u>2,949,845</u></u>

Pension Schedules

Required by GASB 68

For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

The following information presented for pension plans that are reported as fiduciary component units of the State of Oklahoma are required by the Governmental Accounting Standards Board, Statement 68. For more complete information, including the annual money-weighted rate of return, and schedule of funding progress, audited annual statements can be acquired by contacting the pension plan:

Firefighters Pension and Retirement
6601 Broadway Extension, Suite 100
Oklahoma City, OK 73116
<http://www.ok.gov/fprs/>

Law Enforcement Retirement
421 N.W. 13th Street, Suite 100
Oklahoma City, OK 73103
<http://www.olders.state.ok.us/>

Police Pension and Retirement
1001 N.W. 63rd Street, Suite 305
Oklahoma City, OK 73116
<http://www.ok.gov/OPPRS/>

Public Employees Retirement
P.O. Box 53007
Oklahoma City, OK 73152
<http://www.opers.ok.gov/>

Uniform Retirement System for Judges and Justices
P.O. Box 53007
Oklahoma City, OK 73152
<http://www.opers.ok.gov/>

Teachers' Retirement System
2500 N. Lincoln Boulevard, 5th Floor
Oklahoma City, OK 73105
<http://www.ok.gov/TRS/>

Department of Wildlife Conservation
P.O. Box 53465
Oklahoma City, OK 73152
<http://www.wildlifedepartment.com>

Single Employer Plans

A. General Fund

Wildlife Commission Retirement Plan

Schedules of Required Supplementary Information Wildlife Commission Retirement Plan Schedule of Related Ratios Last Ten Fiscal Years (Expressed in thousands)

Schedule of Contributions

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 3,197	\$ 3,691	\$ 4,307	\$ 4,267	\$ 3,802	\$ 3,180	\$ 4,414	\$ 3,406	\$ 3,118	\$ 2,895
Contributions in relation to the actuarially determined contribution	3,700	4,307	4,300	4,100	4,100	3,180	4,414	3,410	3,008	3,009
Contribution deficiency (excess)	\$ (503)	\$ (616)	\$ 7	\$ 167	\$ (298)	\$ -	\$ -	\$ (4)	\$ 110	\$ (114)
Covered employee payroll	\$ 13,388	\$ 13,667	\$ 13,599	\$ 14,300	\$ 14,662	\$ 14,633	\$ 14,839	\$ 14,811	\$ 14,462	\$ 13,492
Contributions as percentage of covered-employee payroll	27.64%	31.51%	31.62%	28.67%	27.96%	21.73%	29.74%	23.02%	20.80%	22.30%

Schedules of Required Supplementary Information
Wildlife Commission Retirement Plan
Schedule of Net Pension Liability
Last Three Fiscal Years
(Expressed in thousands)

	2015	2014	2013
Total Pension Liability			
Service cost	\$ 1,840	\$ 1,930	\$ 1,988
Interest	7,586	7,296	7,057
Differences between expected and actual experience	(357)	293	(844)
Benefit payments	(5,540)	(5,032)	(4,445)
Net Change in Total Pension Liability	3,529	4,487	3,756
Total Pension Liability - Beginning	109,297	104,810	101,054
Total Pension Liability - Ending (a)	<u>\$ 112,826</u>	<u>\$ 109,297</u>	<u>\$ 104,810</u>
 Plan Fiduciary Net Position			
Contributions - employer	\$ 4,307	\$ 4,300	\$ 4,100
Contributions - member	655	681	698
Net investment income	4,097	12,370	7,483
Benefit payments	(5,540)	(5,032)	(4,445)
Administrative expense	(49)	(38)	(38)
Net change in plan fiduciary net position	3,470	12,281	7,798
Plan fiduciary net position - beginning	96,461	84,180	76,382
Plan fiduciary net position - ending (b)	99,931	96,461	84,180
Net pension liability (a) - (b)	<u>\$ 12,895</u>	<u>\$ 12,836</u>	<u>\$ 20,630</u>
 Total pension liability	\$ 112,826	\$ 109,297	\$ 104,810
Plan fiduciary net position	99,931	96,461	84,180
Net pension liability (asset)	\$ 12,895	\$ 12,836	\$ 20,630
Ratio of plan fiduciary net position to total pension liability	88.57%	88.26%	80.32%
Covered employee payroll	\$ 13,667	\$ 13,599	\$ 14,300
Net pension liability as a percentage of covered-employee payroll	94.35%	94.39%	144.27%

Notes to Schedules:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Actuarially Determined Contributions:

The annual required contribution for fiscal year 2016 was determined as part of the July 1, 2016, actuarial valuation using the entry age normal method. The actuarial assumptions included a) a 7.0% investment rate of return (net of administrative expense) and b) projected salary increases of 3.0%-8.0%. The assumptions did not include cost-of-living allowances for active, disabled, or retired members.

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

B. Component Units

Oklahoma Law Enforcement Retirement System

Schedules of Required Supplementary Information Oklahoma Law Enforcement Retirement System Schedule of Related Ratios Last Ten Fiscal Years (Expressed in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 33,291	\$ 31,838	\$ 43,775	\$ 44,734	\$ 48,634	\$ 50,094	\$ 48,103	\$ 36,616	\$ 32,668	\$ 32,503
Contributions in relation to the actuarially determined contribution	10,219	9,438	8,566	8,296	7,414	7,694	7,779	7,686	7,501	6,553
Contributions--State of Oklahoma insurance premium tax	22,981	22,861	21,165	19,807	18,836	16,965	15,456	17,311	17,670	18,162
Total Contribution	33,200	32,299	29,731	28,103	26,250	24,659	23,235	24,997	25,171	24,715
Contribution deficiency (excess)	\$ 91	\$ (461)	\$ 14,044	\$ 16,631	\$ 22,384	\$ 25,435	\$ 24,868	\$ 11,619	\$ 7,497	\$ 7,788
Covered employee payroll	\$ 88,683	\$ 84,880	\$ 76,838	\$ 73,423	\$ 71,598	\$ 70,967	\$ 73,400	\$ 75,320	\$ 73,508	\$ 63,764
Contributions as percentage of covered-employee payroll	37.44%	38.05%	38.69%	38.28%	36.66%	34.75%	31.66%	33.19%	34.24%	38.76%

Schedules of Required Supplementary Information
Oklahoma Law Enforcement Retirement System
Schedule of Net Pension Liability
Last Two Fiscal Years
(Expressed in thousands)

	2015	2014
Total Pension Liability		
Service cost	\$ 22,087	\$ 20,294
Interest	66,613	64,959
Differences between expected and actual experience	51,090	(9,771)
Benefit payments	(57,187)	(49,777)
Net Change in Total Pension Liability	82,603	25,705
Total Pension Liability - Beginning	916,260	890,555
Total Pension Liability - Ending (a)	<u>\$ 998,863</u>	<u>\$ 916,260</u>
 Plan Fiduciary Net Position		
Contributions - employer	\$ 9,438	\$ 8,566
Contributions - nonemployer	22,861	21,165
Contributions - member	6,390	5,787
Net investment income	34,802	121,403
Benefit payments	(57,187)	(49,777)
Administrative expense	(1,069)	(927)
Net change in plan fiduciary net position	15,235	106,217
Plan fiduciary net position - beginning	879,906	773,689
Plan fiduciary net position - ending (b)	<u>\$ 895,141</u>	<u>\$ 879,906</u>
Net pension liability (a) - (b)	<u>\$ 103,722</u>	<u>\$ 36,354</u>
 Total pension liability	998,863	916,260
Plan fiduciary net position	895,141	879,906
Net pension liability (asset)	\$ 103,722	\$ 36,354
Ratio of plan fiduciary net position to total pension liability	89.62%	96.03%
 Covered employee payroll	\$ 84,880	\$ 76,838
Net pension liability as a percentage of covered-employee payroll	122.20%	47.31%

Notes to Schedule:

GASB Statement 68 requires the information presented in the “Schedules of Required Supplementary Information” cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Actuarially Determined Contributions:

The annual required contribution for fiscal year 2016 was determined as part of the July 1, 2015, actuarial valuation using the individual entry age normal method. The actuarial assumptions included a) a 7.5% investment rate of return (net of administrative expense) b) projected salary increases of 3.75%-7.80%. The assumptions did not include a cost-of-living allowance for active, disabled, or retired members and c) an inflation rate of 3%.

Benefit Changes:

2014: House Bill 2622 reset the amortization period of the unfunded actuarial liability to 15 years effective July 1, 2014.

2012: Senate Bill No. 1001 was enacted, which increased the agency contribution to 11% of pay as of November 1, 2012. In addition, the bill eliminated the half-pay benefit for certain members hired on or after November 1, 2012.

2011: The Oklahoma Pension Legislation Actuarial Analysis Act was modified to change the Definition of non-fiscal retirement bill and by removing a certain provision that allows a Cost-of-living adjustment (COLA) to be considered non-fiscal, thereby requiring that COLAs be concurrently funded by the Legislature at the time they are enacted.

2010: SB 2130 eliminated the mandatory retirement age of sixty years for members.

2008: House Bill 3112 provides a 4% COLA for retired members. Senate Bill 565 states that beginning July 1, 2010, the amount of insurance premium tax revenue apportioned to the System will be applied prior to calculation of the Home Office Credit.

2007: Senate Bill 695 brings the System into compliance with IRS requirements as it relates to the direct payment of qualified health insurance premiums and the rollover of distributions of a non-spouse beneficiary. House Bill 2070 subjects the System to the Oklahoma Pension Legislation Actuarial Analysis Act.

Changes in Actuarial Assumptions:

July 1, 2012 Valuation:

- Healthy mortality was changed from the RP-2000 Table with Blue Collar adjustment (Active rates before age 50, Annuitant rates after age 49) with generational mortality improvement to the RP-2000 Combined Table with Blue Collar adjustment with generational mortality improvement.
- Post- disability mortality was changed from RP-2000 Table with Blue Collar Adjustment set forward seven years to RP-2000 Combined Table with Blue Collar adjustment.
- The retirement, disability, and withdrawal rates were changed.
- The inflation assumption was changed from 3.25% to 3.00%.
- The salary increase assumption was changed.

July 1, 2007 Valuation:

- The retirement, disability, and withdrawal rates were changed.
- The salary increase assumption was changed.
- The rate of inflation assumption was increased to 3.25% per year.
- A COLA assumption of 4% every other year was added.

Uniform Retirement System for Judges and Justices

Schedules of Required Supplementary Information Uniform Retirement System for Judges and Justices Schedule of Net Pension Liability Last Two Fiscal Years (Expressed in thousands)

	2015	2014
Total Pension Liability		
Service cost	\$ 9,602	\$ 9,489
Interest	18,812	18,529
Differences between expected and actual experience	(4,598)	(7,597)
Changes of assumptions	-	(1,046)
Benefit payments	(16,093)	(14,939)
Refunds of contributions	(111)	(57)
Net Change in Total Pension Liability	7,612	4,379
Total Pension Liability - Beginning	258,788	254,409
Total Pension Liability - Ending (a)	<u>\$ 266,400</u>	<u>\$ 258,788</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 5,295	\$ 4,611
Contributions - member	2,706	2,544
Net investment income	8,174	46,211
Benefit payments	(16,093)	(14,939)
Administrative expense	(144)	(132)
Refunds of contributions	(111)	(57)
Net change in plan fiduciary net position	\$ (173)	\$ 38,238
Plan fiduciary net position - beginning	301,469	263,231
Plan fiduciary net position - ending (b)	<u>\$ 301,296</u>	<u>\$ 301,469</u>
Net pension liability (a) - (b)	<u>\$ (34,896)</u>	<u>\$ (42,681)</u>
Total pension liability	\$ 266,400	\$ 258,788
Plan fiduciary net position	301,296	301,469
Net pension liability (asset)	\$ (34,896)	\$ (42,681)
Ratio of plan fiduciary net position to total pension liability	113.10%	116.49%
Covered employee payroll	\$ 34,282	\$ 34,325
Net pension liability as a percentage of covered-employee payroll	(101.8%)	(124.3%)

Schedules of Required Supplementary Information
Uniform Retirement System for Judges and Justices
Schedule of Related Ratios
Last Three Fiscal Years
(Expressed in thousands)

	2016	2015	2014
Actuarially determined contribution	\$ 3,454	\$ 4,897	\$ 7,215
Actual Employer Contributions	5,832	5,295	4,611
Contribution deficiency (excess)	<u>\$ (2,378)</u>	<u>\$ (398)</u>	<u>\$ 2,604</u>
Covered employee payroll	\$ 34,537	\$ 34,282	\$ 34,325
Contributions as percentage of covered-employee payroll	16.89%	15.45%	13.43%

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Actuarially Determined Contributions:

The annual required contribution for fiscal year 2016 was determined as part of the July 1, 2015, actuarial valuation using the entry age normal method. The actuarial assumptions included a) a 7.5% investment rate of return (net of administrative expense) b) projected salary increases of 5.00%. The assumptions did not include a cost-of-living allowance for active, disabled, or retired members and c) an inflation rate of 3%.

Benefit Changes: Information to present a 10-year history is not readily available

2011: With the passage of House Bill 2132 benefits are not assumed to increase due to future ad hoc cost-of-living increases.

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

Cost Sharing Pension Plans

A. Component Units

Oklahoma Firefighters Pension and Retirement System

Schedules of Required Supplementary Information
Oklahoma Firefighters Pension and Retirement System
Schedule of Related Ratios
Last Seven Fiscal Years
(Expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009
Plan fiduciary position as a percentage of the total pension liability	68.27%	68.12%	61.62%	59.22%	63.18%	46.99%	45.20%
Covered employee payroll	\$ 270,536	\$ 271,572	\$ 253,955	\$ 256,250	\$ 243,684	\$ 248,520	\$ 246,816
Net pension liability as a percentage of covered payroll	392.34%	378.66%	465.75%	459.40%	417.04%	671.78%	682.74%
State portion of net pension liability	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State employer portion of net pension liability	0%	0%	N/A	N/A	N/A	N/A	N/A

Schedules of Required Supplementary Information
Oklahoma Firefighters Pension and Retirement System
Schedule of Contributions
Last Two Fiscal Years
(Expressed in thousands)

	2016	2015
Contractually required employer contributions	\$ -	\$ -
Statutorily required employer contributions	92,330	91,236
Total required contributions	92,330	91,236
Actual employer contribution	-	-
State of Oklahoma, non employer contributions	92,330	91,236
Total Contributions	92,330	91,236
Annual contribution deficiency (excess)	\$ -	\$ -
Employer portion of net pension liability	0.00%	0.00%
Covered employee payroll	\$ -	\$ -
Actual contributions as a percentage of employee payroll	N/A	N/A

Notes to Schedule:

GASB Statement 68 requires the information presented in the “Schedules of Required Supplementary Information” cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Benefit Changes:

2013: HB 2078 and SB 1101 made certain changes to the benefits of members hired on or after November 1, 2013, including the following:

- Increased the eligibility to retire to age 50 with 22 years of service.
- Increased the eligibility for a vested benefit to 11 years.
- Changed the interest earned to DROP accounts to be the rate earned by System assets, less one percentage point, once the member has left active DROP.

Changes in Actuarial Assumptions:

July 1, 2013 Valuation:

- The retirement, disability, and withdrawal rates were changed.
- The salary increase assumption was changed.
- The mortality rates were changed.

July 1, 2011 Valuation:

- No assumption for future ad-hoc cost-of-living adjustments due to the adoption of the Oklahoma Pension Legislation Actuarial Analysis Act.

Changes in Actuarial Funding Methods:

2013: HB 2078 increased the amount of gross salary contributed by paid firefighters from 8% to 9%, effective November 1, 2013. In addition, the bill increased the amount of gross salary contributed by municipalities and fire districts from 13% to 14%, effective November 1, 2013. The bill also increased the portion of statewide insurance premium tax allocated to the System from 34% to 36%.

Oklahoma Public Employees Retirement System

Schedules of Required Supplementary Information Oklahoma Public Employees Retirement System Schedule of Related Ratios

Last Two Fiscal Years
(Expressed in thousands)

	2015	2014
Plan fiduciary position as a percentage of the total pension liability	96.00%	97.90%
Covered employee payroll	\$ 1,744,042	\$ 1,695,384
Net pension liability as a percentage of covered payroll	20.62%	10.83%
State portion of net pension liability	\$ 286,962	\$ 147,158
State employer portion of net pension liability	79.78%	80.17%

Schedules of Required Supplementary Information Oklahoma Public Employees Retirement System Schedule of Contributions

Last Two Fiscal Years
(Expressed in thousands)

	2016	2015
Contractually required employer contribution	\$ 296,249	\$ 292,197
Actual employer contribution	296,249	292,197
Annual contribution deficiency (excess)	\$ -	\$ -
Employer portion of net pension liability	79.78%	80.17%
Covered employee payroll	\$ 1,443,199	\$ 1,391,397
Actual contributions as a percentage of employee payroll	20.53%	21.00%

Notes to Schedule:

GASB Statement 68 requires the information presented in the “Schedules of Required Supplementary Information” cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

Oklahoma Police Pension and Retirement System

Schedules of Required Supplementary Information Oklahoma Police Pension and Retirement System Schedule of Related Ratios Last Seven Fiscal Years (Expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009
Plan fiduciary position as a percentage of the total pension liability	99.82%	101.53%	92.75%	87.72%	92.42%	66.54%	63.56%
Covered employee payroll	\$ 295,307	\$ 289,502	\$ 279,014	\$ 266,038	\$ 257,505	\$ 249,583	\$ 253,956
Net pension liability as a percentage of covered payroll	1.38%	(11.63%)	55.31%	93.87%	57.67%	313.67%	323.22%
State portion of net pension liability	12	(72)	N/A	N/A	N/A	N/A	N/A
State Employer portion of NPL	0.29%	0.21%	N/A	N/A	N/A	N/A	N/A

Schedules of Required Supplementary Information Oklahoma Police Pension and Retirement System Schedule of Contributions Last Two Fiscal Years (Expressed in thousands)

	2016	2015
Contractually required employer contributions	\$ 112	\$ 173
Statutorily required employer contributions	35,915	35,490
Total required contributions	36,027	35,663
Actual employer contribution	112	173
State of Oklahoma, non employer contributions	35,915	35,490
Total contributions	36,027	35,663
Annual contribution deficiency (excess)	\$ -	\$ -
Employer portion of net pension liability	0.29%	0.21%
Covered employee payroll	\$ 862	\$ 632
Actual contributions as a percentage of employee payroll	4179.47%	5642.88%

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

Teacher's Retirement System

Schedules of Required Supplementary Information Teacher's Retirement System Schedule of Related Ratios Last Two Fiscal Years (Expressed in thousands)

	2015	2014
Plan fiduciary position as a percentage of the total pension liability	70.31%	72.43%
Covered employee payroll	\$ 4,338,247	\$ 4,304,297
Net pension liability as a percentage of covered payroll	140.65%	125.85%
State portion of net pension liability	\$ 1,611,824	\$ 1,347,638
State employer portion of net pension liability	26.42%	24.88%

Schedules of Required Supplementary Information Teacher's Retirement System Schedule of Contributions Last Two Fiscal Years (Expressed in thousands)

	2016	2015
Contractually required employer contributions	108,240	\$ 184,726
Statutorily required employer contributions	315,672	336,391
Total required contributions	423,912	521,117
Actual employer contribution	108,240	184,726
State of Oklahoma, non employer contributions	315,672	336,391
Total Contributions	423,912	521,117
Annual contribution deficiency (excess)	\$ -	\$ -
Employer portion of net pension liability	26.42%	24.88%
Covered employee payroll	\$ 1,111,204	\$ 1,079,239
Actual contributions as a percentage of employee payroll	38.15%	48.29%

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Benefit Changes:

2011: Senate Bill 377 – changes the eligibility conditions for both normal and early retirement for members hired on or after November 1, 2011. Members will be eligible for normal retirement at the earlier of age 65 with 5 years of service or when their age plus service equals 90 (Rule of 90) with a minimum age of 60. Members will be eligible for early (reduced) retirement at age 60 with 5 years of service.

House Bill 2132- changes the definition of a nonfiscal retirement bill to exclude COLA even if such COLAs are assumed in the annual actuarial valuation.

Senate Bill 782 eliminates the requirement that statewide retirement systems report a second set of actuarial valuation results to the Oklahoma State Pension Commission using specified actuarial assumptions.

2010: House Bill 1935 – Allows a retiree electing one of the optional benefit forms (i.e. not life only) to make a one-time irrevocable change in the benefit option within 60 days of retirement. The beneficiary may not be changed.

Senate Bill 859-allows a retiree who chose a life annuity at retirement to change to Retirement Option 2 or 3 (100% joint survivor annuity and 50% joint survivor annuity respectively) within a year of marriage.

2008: A 2.00% ad hoc COLA was provided, effective July 1, 2008. All retirees who retired before July 1, 2007 were eligible, including disabled retirees, special retirees and beneficiaries receiving payments.



Hydro, OK is home to Lucille Hamons Station, built in 1927. Lucille was called the Mother of the Mother Road when she ran the station and store for 59 years right up until the day she died.



Combining Financial Statements

Description of Fiduciary Funds and Similar Component Units

Fiduciary Funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental organizations, and/or other funds.

PENSION TRUST FUNDS

The Pension Trust Funds account for the transactions, assets, liabilities, and net position held in a trustee capacity for the benefit of the Plan members.

WILDLIFE CONSERVATION RETIREMENT PLAN

P.O. Box 53465, Oklahoma City, Oklahoma 73152

www.wildlifedepartment.com

This Plan is part of the Primary Government. The Plan accounts for transactions, assets, liabilities, and net position available for payment of plan benefits to employees of the Department of Wildlife Conservation.

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that meet the definition of a component unit, but are presented with the fiduciary funds of the state:

OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

6601 Broadway Ext Suite 100, Oklahoma City, Oklahoma 73105

www.ok.gov/fprs

The System provides retirement benefits for municipal firefighters in the State of Oklahoma.

OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM

421 NW 13th St., Suite 100, Oklahoma City, Oklahoma 73103

www.olders.state.ok.us

The System provides retirement benefits for qualified law enforcement officers in the State of Oklahoma.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 53007, Oklahoma City, Oklahoma 73152

www.opers.ok.gov

The System administers the Oklahoma Public Employee Retirement Plan, which provides retirement benefits for state, county and local employees in the State of Oklahoma.

UNIFORM RETIREMENT SYSTEM FOR JUSTICES AND JUDGES

P.O. Box 53007, Oklahoma City, Oklahoma 73152

www.opers.ok.gov

The System provides retirement benefits for justices and judges in the State of Oklahoma.

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116

www.ok.gov/opprs

The System provides retirement benefits for police officers employed by participating municipalities in the State of Oklahoma.

TEACHER'S RETIREMENT SYSTEM OF OKLAHOMA

P.O. Box 53524, Oklahoma City, Oklahoma 73152

www.ok.gov/trs

The System provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions in the State of Oklahoma.

AGENCY FUNDS

Agency Funds account for the receipt and disbursement of various moneys and property collected by the state, acting in the capacity of an agent, for distribution to non-state parties.

Taxes Held for Outside Entities is maintained by the Oklahoma Tax Commission to account for taxes: (1) being held for distribution to county and city governments, (2) to cover anticipated tax refunds, (3) paid conditionally on an increase in gross value of oil and/or gas sold by a producer waiting on approval or settlement of an appeal, and (4) that have been intercepted by the Tax Commission to be disbursed to claimants.

Funds Held in Escrow are moneys held in an account until certain conditions or requirements are met. These include: (1) Cash Performance Bonds maintained by the Department of Mines until mining is complete and reclamation meets specifications, (2) Unlocated Mineral Owner's Fund maintained by the Corporation Commission (3) Workers' Compensation Claims Under Appeal maintained by the Workers' Compensation Court, (4) Unsettled Premium Tax Suits, an escrow account maintained by the Oklahoma Insurance Department for depositing of protested taxes and/or fees imposed under Oklahoma law, (5) Other moneys accounted for by the State Department of Health for bond requirements for disposal sites, by the Department of Public Safety for the retention and refund of financial responsibility security amounts, (6) Funds in escrow at the Attorney General's Office received as a result of litigation.

Assets Held for Beneficiaries are moneys maintained for: (1) clients in institutions under the jurisdiction of the Office of Juvenile Affairs (OJA), Department of Human Services (DHS), the Department of Corrections (DOC), the Department of Veterans Affairs, and the Department of Mental Health, (2) DHS custodial parents from the collection from absent parents, and (3) DHS clients placed in agency custody.

Other is moneys accounted for (1) by the Department of Human Capital Management for the Office of Management and Enterprise Services (OMES) for payment of employee claims against SoonerFlex flexible spending accounts, (2) deposits held by Capital Asset Management of OMES for bid process documents, (3) donations held by the District Attorney's Council for the Murrah Crime Victims Compensation Fund, (4) funds held by the Department of Transportation which have accrued to its former health insurance rate stabilization account and are being returned to the accounts contributors.

State of Oklahoma
Combining Statement of Net Position
Pension Trust Funds (Including Similar Component Units)
June 30, 2016
(expressed in thousands)

	Primary Government		Fiduciary Component Units						
	Wildlife Conservation Retirement Plan	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System	Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Total	
Assets									
Cash/Cash Equivalents	\$ 3,218	\$ 50,922	\$ 11,292	\$ 120,734	\$ 3,922	\$ 40,021	\$ 408,806	\$ 638,915	
Investments, at fair value									
Equity Securities	32,540	1,272,301	477,243	2,520,340	195,480	1,215,949	8,543,385	14,257,238	
Governmental Securities	33,244	26,882	62,050	1,964,184	70,802	25,337	1,189,054	3,371,553	
Debt Securities	3,563	284,922	192,706	858,733	29,412	342,999	1,913,351	3,625,686	
Mutual Funds	26,573	0	0	3,093,682	0	0	0	3,120,255	
Other Investments	0	562,909	113,873	12,875	0	565,440	1,844,223	3,099,320	
Securities Lending Investments	0	81,195	73,055	500,660	8,700	0	1,624,015	2,287,625	
Interest and Investment Revenue Receivable	0	3,519	861	17,005	386	2,882	50,258	74,911	
Contributions Receivable:									
Employer	0	941	0	4,105	0	1,671	21,194	27,911	
Employee	0	592	580	1,220	0	1,019	13,875	17,286	
Due from Broker	0	35,578	0	249,999	8,728	2,918	268,940	566,163	
Due from Component Units	0	0	0	735	0	0	0	735	
Due from Other Funds	0	19,128	4,389	10,008	676	7,439	35,127	76,767	
Capital Assets, Net	0	957	5	526	0	0	4,073	5,561	
Other Assets	0	0	48	315	0	0	0	363	
Total Assets	99,138	2,339,846	936,102	9,355,121	318,106	2,205,675	15,916,301	31,170,289	
Liabilities									
Accounts Payable and Accrued Liabilities	0	2,759	499	0	0	742	0	4,000	
Securities Lending Payable	0	81,195	73,055	500,660	8,700	0	1,624,015	2,287,625	
Due to Broker	0	0	8,377	418,881	15,679	932	383,659	827,528	
Due to Other Funds	0	0	0	1	0	0	7	8	
Due to Component Units	0	0	0	0	0	0	0	0	
Benefits in the Process of Payment	0	0	537	0	0	2,201	82,952	85,690	
Other Liabilities	0	133	50	0	0	129	11,565	11,877	
Total Liabilities	0	84,087	82,518	919,542	24,379	4,004	2,102,198	3,216,728	
Net Position Reserved for Employees' Pension Benefits									
	\$ 99,138	\$ 2,255,759	\$ 853,584	\$ 8,435,579	\$ 293,727	\$ 2,201,671	\$ 13,814,103	\$ 27,953,561	

State of Oklahoma
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds (Including Similar Component Units)
June 30, 2016
(expressed in thousands)

	Primary Government	Fiduciary Component Units						
	Wildlife Conservation Retirement Plan	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System	Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Total
Additions								
Contributions								
Employer Contributions	\$ 3,700	\$ 39,174	\$ 6,866	\$ 296,249	\$ 5,832	\$ 38,533	\$ 409,753	\$ 800,107
Employee Contributions	663	24,532	10,219	73,801	2,666	23,787	294,459	430,127
Other Contributions	0	92,330	22,981	0	0	35,915	315,672	466,898
Total Contributions	4,363	156,036	40,066	370,050	8,498	98,235	1,019,884	1,697,132
Investment Income								
Net Appreciation in Fair Value of Investments	(1,253)	2,814	(31,178)	(106,650)	(834)	(24,165)	(686,628)	(847,894)
Interest and Investment Revenue	1,937	23,923	12,654	130,378	2,416	16,363	388,602	576,273
	684	26,737	(18,524)	23,728	1,582	(7,802)	(298,026)	(271,621)
Less Investment Expenses	192	13,069	3,720	7,971	140	13,302	59,417	97,811
Net Investment Income	492	13,668	(22,244)	15,757	1,442	(21,104)	(357,443)	(369,432)
Total Additions	4,855	169,704	17,822	385,807	9,940	77,131	662,441	1,327,700
Deductions								
Administrative and General Expenses	5,593	1,994	1,031	5,395	149	1,831	4,458	20,451
Benefit Payments and Refunds	55	195,518	58,348	581,275	17,360	138,625	1,293,386	2,284,567
Total Deductions	5,648	197,512	59,379	586,670	17,509	140,456	1,297,844	2,305,018
Net Increase (Decrease)	(793)	(27,808)	(41,557)	(200,863)	(7,569)	(63,325)	(635,403)	(977,318)
Net Position Reserved for								
Employees' Pension Benefits								
Beginning of Year (as restated)	99,931	2,283,567	895,141	8,636,442	301,296	2,264,996	14,449,506	28,930,879
End of Year	\$ 99,138	\$ 2,255,759	\$ 853,584	\$ 8,435,579	\$ 293,727	\$ 2,201,671	\$ 13,814,103	\$27,953,561

State of Oklahoma
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2016
(expressed in thousands)

	Taxes Held for Outside Entity	Assets Held in Escrow	Assets Held for Beneficiaries	Other	Total
Assets					
Cash/Cash Equivalents	\$ 387,247	\$ 79,451	\$ 7,632	\$ 36,076	\$ 510,406
Investments	0	0	85	0	85
Accounts Receivable	0	9	8	0	17
Inventory	0	0	0	7,789	7,789
Total Assets	<u>387,247</u>	<u>79,460</u>	<u>7,725</u>	<u>43,865</u>	<u>518,297</u>
Liabilities					
Account Payable	0	17	757	0	774
Tax Refunds Payable	84,514	0	0	0	84,514
Deferred Revenue	0	0	4	0	4
Due to Others	<u>302,733</u>	<u>79,443</u>	<u>6,964</u>	<u>43,865</u>	<u>433,005</u>
Total Liabilities	<u>\$ 387,247</u>	<u>\$ 79,460</u>	<u>\$ 7,725</u>	<u>\$ 43,865</u>	<u>\$ 518,297</u>

State of Oklahoma
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Taxes Held for Outside Entities				
Assets				
Cash/Cash Equivalents	\$ 548,038	\$ 870,306	\$ 1,031,097	\$ 387,247
Total Assets	<u>548,038</u>	<u>870,306</u>	<u>1,031,097</u>	<u>387,247</u>
Liabilities				
Tax Refunds Payable	76,034	84,514	76,034	84,514
Due to Others	<u>472,004</u>	<u>785,792</u>	<u>955,063</u>	<u>302,733</u>
Total Liabilities	<u>548,038</u>	<u>870,306</u>	<u>1,031,097</u>	<u>387,247</u>
Funds Held in Escrow				
Assets				
Cash/Cash Equivalents	71,903	26,638	19,090	79,451
Accounts Receivable	<u>0</u>	<u>9</u>	<u>0</u>	<u>9</u>
Total Assets	<u>71,903</u>	<u>26,647</u>	<u>19,090</u>	<u>79,460</u>
Liabilities				
Account Payable	7	17	7	17
Due to Others	<u>71,896</u>	<u>26,630</u>	<u>19,083</u>	<u>79,443</u>
Total Liabilities	<u>71,903</u>	<u>26,647</u>	<u>19,090</u>	<u>79,460</u>
Assets Held for Beneficiaries				
Assets				
Cash/Cash Equivalents	5,849	454,365	452,582	7,632
Investments	85	85	85	85
Accounts Receivable	<u>6</u>	<u>8</u>	<u>6</u>	<u>8</u>
Total Assets	<u>5,940</u>	<u>454,458</u>	<u>452,673</u>	<u>7,725</u>
Liabilities				
Account Payable	59	757	59	757
Deferred Revenue	1	4	1	4
Due to Others	<u>5,880</u>	<u>453,697</u>	<u>452,613</u>	<u>6,964</u>
Total Liabilities	<u>5,940</u>	<u>454,458</u>	<u>452,673</u>	<u>7,725</u>
Other				
Assets				
Cash/Cash Equivalents	46,529	72,836	83,289	36,076
Inventory	<u>7,785</u>	<u>7,789</u>	<u>7,785</u>	<u>7,789</u>
Total Assets	<u>54,314</u>	<u>80,625</u>	<u>91,074</u>	<u>43,865</u>
Liabilities				
Due to Others	<u>54,314</u>	<u>80,625</u>	<u>91,074</u>	<u>43,865</u>
Total Liabilities	<u>54,314</u>	<u>80,625</u>	<u>91,074</u>	<u>43,865</u>
Total - All Agency Funds				
Assets				
Cash/Cash Equivalents	672,319	1,424,145	1,586,058	510,406
Investments	85	85	85	85
Accounts Receivable	6	17	6	17
Inventory	<u>7,785</u>	<u>7,789</u>	<u>7,785</u>	<u>7,789</u>
Total Assets	<u>680,195</u>	<u>1,432,036</u>	<u>1,593,934</u>	<u>518,297</u>
Liabilities				
Account Payable	66	774	66	774
Tax Refunds Payable	76,034	84,514	76,034	84,514
Deferred Revenue	1	4	1	4
Due to Others	<u>604,094</u>	<u>1,346,744</u>	<u>1,517,833</u>	<u>433,005</u>
Total Liabilities	<u>\$ 680,195</u>	<u>\$ 1,432,036</u>	<u>\$ 1,593,934</u>	<u>\$ 518,297</u>

Description of NonMajor Component Units

The State of Oklahoma has seven nonmajor component units which are described below:

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

P.O. Box 14190, Oklahoma City, OK 73113

www.oeta.tv

The Authority provides educational television services to all Oklahoma citizens on a coordinated statewide basis.

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

9220 N. Kelley Ave., Oklahoma City, OK 73118

The Authority assists with the state's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. The loans are financed by issuance of general obligation bonds.

MULTIPLE INJURY TRUST FUND

421 NW 13th Street, Suite 105, Oklahoma City, OK 73103

The Fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury.

UNIVERSITY HOSPITALS AUTHORITY

P.O. Box 26307, Oklahoma City, OK 73126

www.uhatok.com

The Authority consists of The University Hospital and Children's Hospital of Oklahoma. The University Hospital is affiliated with the University of Oklahoma Health Sciences Center. The University Hospital is financed primarily through patient service charges.

OKLAHOMA DEVELOPMENT FINANCE AUTHORITY

5900 N. Classen Ct., Oklahoma City, OK 73118

The Authority provides financing for both public and private entities in the state. The Authority obtains funds through the issuance of bonds and notes.

OKLAHOMA CAPITAL INVESTMENT BOARD

13905 Quail Pointe Drive, Suite A, Oklahoma City, OK 73134

www.ocib.org

The Authority assists the state with industrial development by mobilizing equity and near-equity capital for investment to potential creation of jobs and growth that will diversify and stabilize the economy.

OKLAHOMA STATE UNIVERSITY MEDICAL AUTHORITY

1111 W. 17th Street, Tulsa, OK 74107

www.healthsciences.okstate.edu/osuma

The Authority is charged with overseeing the 50-year Academic Affiliation Agreement signed between Tulsa Regional Medical Center and OSU Center for Health Sciences. The agreement provides for funding, teaching and training facilities to the graduate medical program associated with the Oklahoma State University Center for Health Sciences.

State of Oklahoma
Combining Statement of Net Position
NonMajor Component Units
June 30, 2016
(expressed in thousands)

	Oklahoma Educational Television Authority	Oklahoma Industrial Finance Authority	Multiple Injury Trust Fund	University Hospitals Authority	Oklahoma Development Finance Authority	Oklahoma Capital Investment Board	Oklahoma State Univ. Medical Authority	Nonmajor Component Units Total
Assets								
Current Assets								
Cash/Cash Equivalents								
Unrestricted	\$ 5,718	\$ 36,275	\$ 9,341	\$ 127,548	\$ 14,767	\$ 9	\$ 21,656	\$ 215,314
Investments	26,888	0	0	2,345	165	12,573	0	41,971
Accounts Receivable	155	0	0	27,038	0	0	14,620	41,813
Interest and Investment								
Revenue Receivable	36	155	20	91	3	0	0	305
Other Receivables	496	0	0	0	0	0	2,989	3,485
Notes Receivable	0	312	0	0	0	0	0	312
Due from Other Component Units	0	0	0	0	240	0	230	470
Due from Primary Government	0	0	15,353	70,422	32	0	0	85,807
Prepaid Items	317	0	0	3	0	0	2,912	3,232
Other Current Assets	0	0	0	0	621	0	4,761	5,382
Total Current Assets	33,610	36,742	24,714	227,447	15,828	12,582	47,168	398,091
Noncurrent Assets								
Cash/Cash Equivalents -								
Restricted	2,457	14	0	541	0	0	0	3,012
Investments - Restricted	0	0	0	884	0	0	0	884
Long-Term Notes Receivable, Net	0	2,932	0	0	1,264	0	0	4,196
Long-Term Investments-Unrestricted	0	16,699	0	0	0	0	0	16,699
Capital Assets								
Depreciable, Net	11,043	42	30	222,493	1,327	0	33,346	268,281
Land	26	75	0	4,009	286	0	0	4,396
Construction in Progress	0	0	0	80,192	0	0	2,129	82,321
Other Noncurrent Assets								
Unrestricted	0	0	0	20,078	0	0	360	20,438
Restricted	0	0	0	36	0	0	0	36
Total Noncurrent Assets	13,526	19,762	30	328,233	2,877	0	35,835	400,263
Total Assets	47,136	56,504	24,744	555,680	18,705	12,582	83,003	798,354
Deferred Outflows								
Advance Refunding of Bonds	0	59	0	0	0	0	0	59
Deferred Outflows from Pensions	711	145	0	423	0	0	0	1,279
Total Deferred Outflows	711	204	0	423	0	0	0	1,338
Liabilities								
Liabilities								
Current Liabilities								
Accounts Payable and								
Accrued Liabilities	131	0	43	125,700	115	0	8,945	134,934
Claims and Judgements	0	0	854	0	0	0	0	854
Interest Payable	0	165	265	0	0	86	300	816
Unearned Revenue	27	0	0	100	152	0	0	279
Due to Other Component Units	0	0	0	651	0	0	0	651
Due to Fiduciary Funds	0	0	0	0	312	0	0	312
Due to Primary Government	0	0	0	13,230	0	0	0	13,230
Capital Leases	0	0	0	0	0	0	253	253
Compensated Absences	219	50	78	0	0	0	0	347
Notes Payable	0	0	1,913	0	0	0	1,895	3,808
Revenue Bonds	0	0	0	1,385	0	0	0	1,385
Other Current Liabilities	13	13,070	0	0	320	0	6,642	20,045
Total Current Liabilities	390	13,285	3,153	141,066	899	86	18,035	176,914
Noncurrent Liabilities								
Claims and Judgements	0	0	405,622	0	0	0	0	405,622
Net Pension Liability	462	87	0	254	0	0	0	803
Compensated Absences	76	0	0	0	0	0	0	76
Notes Payable	0	0	13,249	0	0	0	10,753	24,002
General Obligation Bonds	0	40,000	0	0	0	0	0	40,000
Capital Leases	0	0	0	0	0	0	760	760
Revenue Bonds	0	0	0	43,761	9,999	0	0	53,760
Other Noncurrent Liabilities	0	0	0	163	0	15,625	4,992	20,780
Total Noncurrent Liabilities	538	40,087	418,871	44,178	9,999	15,625	16,505	545,803
Total Liabilities	928	53,372	422,024	185,244	10,898	15,711	34,540	722,717
Deferred Inflows of Resources								
Deferred Inflows from Pensions	642	121	0	353	0	0	0	1,116
Total Deferred Inflows	642	121	0	353	0	0	0	1,116
Net Position								
Invested in Capital Assets,								
Net of Related Debt	11,069	0	0	261,549	1,613	0	20,846	295,077
Other Special Purpose								
Expendable	2,648	14	0	1,461	0	0	0	4,123
Unrestricted	32,560	3,201	(397,280)	107,496	6,194	(3,129)	27,617	(223,341)
Total Net Position	\$ 46,277	\$ 3,215	\$ (397,280)	\$ 370,506	\$ 7,807	\$ (3,129)	\$ 48,463	\$ 75,859

State of Oklahoma
Combining Statement of Activities
NonMajor Component Units
June 30, 2016
(expressed in thousands)

		Program Revenues				General Revenue				
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue		Payments from Primary Government	Change in Net Asset	Net Position Beginning of Year	Net Position End of Year	
Nonmajor Component Units:										
Oklahoma Educational Television Authority	\$ 11,759	\$ 5,160	\$ 1,992	\$ (4,607)	\$ 3,154	\$ (1,453)	\$ 47,730	\$ 46,277		
Oklahoma Industrial Finance Authority	1,216	1,372	0	156	0	156	3,059	3,215		
Multiple Injury Trust Fund	77,869	196	0	(77,673)	59,830	(17,843)	(379,437)	(397,280)		
University Hospitals Authority	256,820	249,736	0	(7,084)	36,723	29,639	340,867	370,506		
Oklahoma Development Finance Authority	1,024	1,162	0	138	0	138	7,669	7,807		
Oklahoma Capital Investment Board	823	697	0	(126)	0	(126)	(3,003)	(3,129)		
Oklahoma State Univ. Medical Authority	157,707	144,605	2,751	(10,351)	16,765	6,414	42,049	48,463		
Total Nonmajor Component Units	\$ 507,218	\$ 402,928	\$ 4,743	\$ (99,547)	\$ 116,472	\$ 16,925	\$ 58,934	\$ 75,859		



National Route 66 Museum in Elk City, OK.

Other Supplementary Information



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE GOVERNOR AND MEMBERS OF THE LEGISLATURE OF THE STATE OF OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 21, 2016, which included an emphasis paragraph on the Multiple Injury Trust Fund for a net deficit related primarily to court awards that exceeded the apportionment of special tax revenue collected. Our report includes a reference to other auditors who audited:

- the financial statements of the Water Resources Board which represent forty-nine percent of the assets, thirty-two percent of the net position and four percent of the revenues of the enterprise funds;
- the financial statements of the Oklahoma Student Loan Authority, Oklahoma Municipal Power Authority, University of Oklahoma, University of Oklahoma – Health Sciences Center, Oklahoma State University – Foundation, Grand River Dam Authority, Oklahoma State University, Oklahoma Turnpike Authority, University of Oklahoma – Foundation, Oklahoma Housing Finance Authority, and the Regents for Higher Education, which in the aggregate represent eighty-two percent of the assets, eighty-nine percent of the net position and eighty-two percent of the revenues for the aggregate discretely presented component units;
- the financial statements of the Commissioners of the Land Office permanent fund, and the Tobacco Settlement Endowment permanent fund, which in the aggregate represent ninety-eight percent of the assets, ninety-seven percent of the fund balance and ninety-nine percent of the revenues of the permanent funds;
- the financial statements of the Oklahoma Public Employees Retirement System, the Oklahoma Teachers Retirement System, and the Oklahoma Firefighters Pension and Retirement System which in the aggregate represent eighty-seven percent of the assets, eighty-eight percent of the net position and ninety-two percent of the additions of the aggregate remaining fund information;
- the financial statements of the Insurance Department, Department of Wildlife, Department of Commerce, and Oklahoma Capital Improvement Authority which in the aggregate represent seventeen percent of the assets, twenty-four percent of the net position and two percent of the revenues of the general fund.

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct,

misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies. (16-290-010IT and 16-807-018).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

State of Oklahoma's Response to Findings

The State of Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

December 21, 2016

Schedule of Findings and Responses

Reference Number: 16-290-010IT

State Agency: Oklahoma Employment Security Commission (OESC)

Fund Type: Enterprise Fund

Other Information: Internal Control

Criteria: According to Office of Management and Enterprise Service's (OMES) *Policy, Procedures, Guidelines 7.10 Encryption*, management should apply encryption to protect the confidentiality of sensitive or critical information.

Condition: OESC failed to encrypt all sensitive information.

Cause: OESC was unaware the data was unencrypted.

Effect: Unapproved personnel could access OESC data.

Recommendation: OESC should review its procedures to encrypt data on all systems.

Agency Management Response: OESC agrees with this finding. We have begun to work with Office of Management and Enterprise Services to resolve the issue.

Reference Number: 16-807-018

State Agency: Oklahoma Health Care Authority

Fund Type: General Fund

Other Information: Accounts Payable/Expenditures

Criteria/Condition: The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

The GAO Standards for Internal Control in the Federal Government 10.13 states, in part, "Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties."

Adequate internal controls over access and accountability for resources include (1) limiting access to resources and records to authorized individuals and (2) assigning and maintaining accountability for the custody and use of resources.

Adequate internal controls over separation of duties and supervision include separating key duties and responsibilities in authorizing, processing, recording, and reviewing official agency transactions.

The Independent Service Auditor's Report on the Service Organization's System indicated a segregation of duties control finding related to the organization and administration control objective and related controls for transaction processing.

Cause/Effect: There was a lack of segregation of duties over the production changes within the application. However, change requests, implemented by developers who promoted their own changes during the period of examination were approved prior to implementation of each change. Lack of segregation of duties over the production changes within the application increases the risk of waste, loss, unauthorized use or misappropriation of State funds.

Recommendation: We recommend the agency follow-up with the service organization to ensure noted deficiencies are addressed.

Agency Management Response: The Oklahoma Health Care Authority will continue our standard process of reviewing the SSAE 16 report and following up with the service organization to ensure that effective corrective actions are designed and implemented to address noted deficiencies. In regards to the deficiencies noted above, corrective actions have been designed and the OHCA is currently monitoring the implementation of those actions.



Beckham County Courthouse, in Sayre, OK, appeared in the movie *The Grapes of Wrath*.

**STATISTICAL SECTION
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Using the Statistical Section

The statistical section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state's overall financial health. The information is grouped into the following five categories:

Financial Trends – Net Position by Component, Changes in Net Position, Fund Balances, and Changes in Fund Balance

These schedules contain trend information to help the reader understand how the state's financial performance and well-being have changed over time.

Revenue Capacity – Personal Income by Industry, Personal Income Tax Filers and Liability by Adjusted Gross Income, and Tax Collections

These schedules contain information to help the reader assess the ability of the state to generate and collect taxes.

Debt Capacity – Percentage of Annual Debt Service Expenditures for General Bonded Debt to Total Expenditures, Ratios of Outstanding Debt by Type, and Revenue Bond Coverage

These schedules present information to help the reader assess the affordability of the state's current levels of outstanding debt, its ability to issue additional debt in the future, and its ability to repay the outstanding debt.

Demographic and Economic Information – Major Employers by Size, Demographic and Economic Statistics, and School Enrollments

These schedules offer demographic and economic indicators to help the reader understand the environment within which the state's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – Government Employees by Function, Capital Asset Utilization by Function, Operating Indicators for Governmental Functions, and Additional Information and Sources of Statistical Data

These schedules contain information about the state's operations and resources to help the reader understand how the state's financial information relates to the services the state provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

State of Oklahoma
Schedule of Net Position by Component
Last Ten Fiscal Years
(expressed in thousands)

	2007	2008	2009	2010
Governmental Activities				
Invested in capital assets, net of related debt	\$ 6,633,078	\$ 7,118,384	\$ 7,364,509	\$ 8,148,821
Restricted	2,172,697	3,368,766	2,268,701	2,492,399
Unrestricted	3,348,465	2,284,063	2,970,902	2,102,236
Total governmental activities net position	<u>12,154,240</u>	<u>12,771,213</u>	<u>12,604,112</u>	<u>12,743,456</u>
Business-type activities				
Invested in capital assets, net of related debt	1,028	771	527	330
Restricted	1,207,733	9,019	1,178,940	834,824
Unrestricted	6,961	1,283,673	10,972	8,887
Total business-type activities net position	<u>1,215,722</u>	<u>1,293,463</u>	<u>1,190,439</u>	<u>844,041</u>
Primary government				
Invested in capital assets, net of related debt	6,634,106	7,119,155	7,365,036	8,149,151
Restricted	3,380,430	3,377,785	3,447,641	3,327,223
Unrestricted	3,355,426	3,567,736	2,981,874	2,111,123
Total primary government net position	<u>\$ 13,369,962</u>	<u>\$ 14,064,676</u>	<u>\$ 13,794,551</u>	<u>\$ 13,587,497</u>

State of Oklahoma
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(expressed in thousands)

	2007	2008	2009	2010
General Fund				
Reserved	\$ 731,850	\$ 758,702	\$ 767,554	\$ 679,812
Unreserved	3,449,196	3,504,990	3,166,157	2,331,047
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>4,181,046</u>	<u>4,263,692</u>	<u>3,933,711</u>	<u>3,010,859</u>
All Other Governmental Funds				
Reserved	2,024,316	2,052,390	1,906,950	2,232,060
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>2,024,316</u>	<u>2,052,390</u>	<u>1,906,950</u>	<u>2,232,060</u>
Total All Governmental Fund Balances	<u>\$ 6,205,362</u>	<u>\$ 6,316,082</u>	<u>\$ 5,840,661</u>	<u>\$ 5,242,919</u>

2011	2012	2013	2014	2015	2016
\$ 8,710,430	\$ 9,276,689	\$ 9,650,570	\$ 9,992,791	\$ 10,425,644	\$ 10,865,784
3,647,627	3,957,319	4,182,822	4,698,509	4,930,516	4,140,040
1,377,573	1,618,544	1,661,849	1,539,539	1,268,097	978,832
<u>13,735,630</u>	<u>14,852,552</u>	<u>15,495,241</u>	<u>16,230,839</u>	<u>16,624,257</u>	<u>15,984,656</u>
202	126	1,037	1,415	1,914	2,856
867,777	1,102,997	1,353,998	1,573,491	1,601,651	1,468,588
5,346	273,981	602,997	636,300	582,633	528,198
<u>873,325</u>	<u>1,377,104</u>	<u>1,958,032</u>	<u>2,211,206</u>	<u>2,186,198</u>	<u>1,999,642</u>
8,710,632	9,276,815	9,651,607	9,994,206	10,427,558	10,868,640
4,515,404	5,060,316	5,536,820	6,272,000	6,532,167	5,608,628
1,382,919	1,892,525	2,264,846	2,175,839	1,850,730	1,507,030
<u>\$ 14,608,955</u>	<u>\$ 16,229,656</u>	<u>\$ 17,453,273</u>	<u>\$ 18,442,045</u>	<u>\$ 18,810,455</u>	<u>\$ 17,984,298</u>

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
64,817	73,539	84,743	74,278	76,851	80,281
1,020,229	1,244,592	1,240,573	1,340,771	1,572,465	815,862
2,112,921	2,282,175	2,344,077	2,142,358	2,205,978	2,027,227
-	-	1,960	1,777	1,045	609
62,301	144,365	133,796	133,796	96,297	25,866
<u>3,260,268</u>	<u>3,744,671</u>	<u>3,805,149</u>	<u>3,692,980</u>	<u>3,952,636</u>	<u>2,949,845</u>
-	-	-	-	-	-
2,539,403	2,549,833	2,829,731	3,226,796	3,228,359	3,212,407
23,294	15,980	12,438	7,417	1,265	5,081
-	-	-	53,430	48,967	29,394
2,928	66,135	60,952	70,096	79,460	77,296
26,355	25,724	39,056	-	-	-
<u>2,591,980</u>	<u>2,657,672</u>	<u>2,942,177</u>	<u>3,357,739</u>	<u>3,358,051</u>	<u>3,324,178</u>
<u>\$ 5,852,248</u>	<u>\$ 6,402,343</u>	<u>\$ 6,747,326</u>	<u>\$ 7,050,719</u>	<u>\$ 7,310,687</u>	<u>\$ 6,274,023</u>

State of Oklahoma
Changes in Net Position by Component
Last Ten Fiscal Years
(expressed in thousands)

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Education-General	\$ 3,285,059	\$ 3,479,319	\$ 3,548,104	\$ 3,573,881
Education-Payment to Higher Education	936,404	910,385	1,074,409	1,076,248
Government Administration	1,712,841	1,680,106	1,718,794	1,611,256
Health Services	3,954,939	4,214,407	4,542,241	4,750,304
Legal and Judiciary	213,955	222,319	230,706	256,867
Museums	17,834	32,164	17,507	14,572
Natural Resources	271,734	249,235	265,197	249,020
Public Safety and Defense	829,663	926,959	951,387	811,999
Regulatory Services	110,218	95,653	130,033	119,044
Social Services	1,797,721	1,782,333	1,976,556	2,287,486
Transportation	482,831	791,993	902,151	842,394
Interest on Long-Term Debt	69,769	74,108	70,026	70,549
Governmental Activities	13,682,968	14,458,981	15,427,111	15,663,620
Business-Type Activities:				
Employment Security Commission	177,914	194,549	533,629	1,146,720
Water Resources Board	28,015	27,016	25,527	26,739
Office of Management and Enterprise Services	-	-	-	-
Lottery Commission	145,028	145,951	122,961	132,642
Business-Type Activities	350,957	367,516	682,117	1,306,101
Total Primary Government Expenses	14,033,925	14,826,497	16,109,228	16,969,721
Program Revenues				
Governmental Activities:				
Charges for Services:				
Government Administration	215,773	222,663	230,663	219,412
Health Services	166,816	140,691	126,087	167,567
Social Services	72,674	157,818	190,535	198,086
All Others	472,406	483,933	569,538	707,820
Total Charges for Services	927,669	1,005,105	1,116,823	1,292,885
Operating Grants and Contributions	5,370,772	5,528,650	6,141,165	7,804,862
Total Governmental Activities	6,298,441	6,533,755	7,257,988	9,097,747
Business-Type Activities:				
Charges for Services:				
Employment Security Commission	271,705	227,733	267,591	206,763
Water Resources Board	52,300	37,585	53,973	26,979
Office of Management and Enterprise Services	-	-	-	-
Lottery Commission	215,223	214,400	193,326	199,926
Total Charges for Services	539,228	479,718	514,890	433,668
Operating Grants and Contributions	34,457	33,862	134,029	596,350
Total Business-Type Activities	573,685	513,580	648,919	1,030,018
Total Primary Government Revenue	6,872,126	7,047,335	7,906,907	10,127,765
Net (Expense) Revenue:				
Governmental Activities	(7,384,527)	(7,925,226)	(8,169,123)	(6,565,873)
Business-Type Activities	222,728	146,064	(33,198)	(276,083)
Total Primary Government	(7,161,799)	(7,779,162)	(8,202,321)	(6,841,956)
General Revenues				
Governmental Activities:				
Taxes	7,974,727	8,181,246	7,865,257	6,517,387
Investment Earnings	192,733	247,191	141,264	45,116
Contributions to Permanent Funds	48,839	68,018	73,548	62,325
Gain (Loss) on Sale of Assets	1,989	-	1,316	3,816
Special Item	-	-	-	-
Transfers	69,972	68,323	69,826	70,315
Total Governmental Activities	8,288,260	8,564,778	8,151,211	6,698,959
Business-Type Activities:				
Transfers	(69,972)	(68,323)	(69,826)	(70,315)
Total Business-Type Activities	(69,972)	(68,323)	(69,826)	(70,315)
Total General Revenues and Transfers	8,218,288	8,496,455	8,081,385	6,628,644
Change in Net Position	1,056,489	717,293	(120,936)	(213,312)
Net Position - Beginning of Year (as restated)	12,313,473	13,347,383	13,915,217	13,800,809
Net Position - End of Year	\$ 13,369,962	\$ 14,064,676	\$ 13,794,281	\$ 13,587,497

	2011	2012	2013	2014	2015	2016
\$	3,506,316	\$ 2,413,027	\$ 2,405,694	\$ 3,322,341	\$ 3,424,751	\$ 3,435,184
	1,065,225	1,982,235	2,003,101	1,037,785	1,030,060	942,707
	1,663,883	1,763,437	1,866,501	1,830,570	1,114,539	2,114,501
	4,866,858	5,432,791	5,462,257	5,766,102	5,660,101	5,710,985
	241,360	236,979	245,372	261,344	205,622	262,081
	13,539	15,455	15,916	17,691	18,189	12,502
	257,998	223,444	353,243	264,233	288,333	290,366
	850,190	825,787	820,506	863,080	787,751	859,395
	127,211	116,789	129,206	131,756	153,511	193,245
	2,269,749	2,126,879	2,222,255	2,240,638	2,187,576	2,356,625
	934,272	845,784	941,132	1,043,522	1,086,603	1,109,349
	100,363	95,097	112,030	71,270	58,330	78,130
	<u>15,896,964</u>	<u>16,077,704</u>	<u>16,577,213</u>	<u>16,850,332</u>	<u>16,015,366</u>	<u>17,365,070</u>
	776,001	537,575	386,399	289,959	281,058	395,192
	40,769	39,979	39,398	35,286	32,641	34,673
	-	-	843,065	925,327	1,023,920	1,051,966
	<u>132,812</u>	<u>127,729</u>	<u>128,642</u>	<u>123,180</u>	<u>112,624</u>	<u>121,139</u>
	<u>949,582</u>	<u>705,283</u>	<u>1,397,504</u>	<u>1,373,752</u>	<u>1,450,243</u>	<u>1,602,970</u>
	<u>16,846,546</u>	<u>16,782,987</u>	<u>17,974,717</u>	<u>18,224,084</u>	<u>17,465,609</u>	<u>18,968,040</u>
	224,414	262,488	470,067	189,569	561,643	331,176
	174,185	476,950	472,502	557,041	544,828	625,906
	171,890	62,997	26,317	61,925	11,962	36,311
	<u>570,744</u>	<u>564,370</u>	<u>697,964</u>	<u>627,565</u>	<u>628,232</u>	<u>659,458</u>
	<u>1,141,233</u>	<u>1,366,805</u>	<u>1,666,850</u>	<u>1,436,100</u>	<u>1,746,665</u>	<u>1,652,851</u>
	<u>7,982,737</u>	<u>7,181,699</u>	<u>6,939,234</u>	<u>7,326,805</u>	<u>6,744,975</u>	<u>6,785,553</u>
	<u>9,123,970</u>	<u>8,548,504</u>	<u>8,606,084</u>	<u>8,762,905</u>	<u>8,491,640</u>	<u>8,438,404</u>
	352,458	634,373	535,290	475,453	305,538	254,001
	76,225	59,461	54,877	55,315	53,329	61,237
	-	-	860,767	941,890	964,432	984,734
	<u>198,274</u>	<u>199,973</u>	<u>200,324</u>	<u>191,564</u>	<u>171,989</u>	<u>190,074</u>
	<u>626,957</u>	<u>893,807</u>	<u>1,651,258</u>	<u>1,664,222</u>	<u>1,495,288</u>	<u>1,490,046</u>
	<u>421,483</u>	<u>260,936</u>	<u>138,918</u>	<u>37,901</u>	<u>10,935</u>	<u>8,302</u>
	<u>1,048,440</u>	<u>1,154,743</u>	<u>1,790,176</u>	<u>1,702,123</u>	<u>1,506,223</u>	<u>1,498,348</u>
	<u>10,172,410</u>	<u>9,703,247</u>	<u>10,396,260</u>	<u>10,465,028</u>	<u>9,997,863</u>	<u>9,936,752</u>
	(6,772,994)	(7,529,200)	(7,971,129)	(8,087,427)	(7,523,726)	(8,926,666)
	<u>98,858</u>	<u>449,460</u>	<u>392,672</u>	<u>328,370</u>	<u>55,980</u>	<u>(104,622)</u>
	<u>(6,674,136)</u>	<u>(7,079,740)</u>	<u>(7,578,457)</u>	<u>(7,759,057)</u>	<u>(7,467,746)</u>	<u>(9,031,288)</u>
	7,533,430	8,416,465	8,370,489	8,646,148	8,670,034	8,242,017
	117,128	80,488	68,601	59,298	60,007	60,792
	61,738	64,861	87,515	60,516	59,287	58,810
	-	-	-	-	-	-
	-	7,384	615	-	(451)	-
	<u>69,574</u>	<u>65,880</u>	<u>77,745</u>	<u>81,020</u>	<u>76,211</u>	<u>78,979</u>
	<u>7,781,870</u>	<u>8,635,078</u>	<u>8,604,965</u>	<u>8,846,982</u>	<u>8,865,088</u>	<u>8,440,598</u>
	<u>(69,574)</u>	<u>(65,880)</u>	<u>(77,745)</u>	<u>(81,020)</u>	<u>(76,211)</u>	<u>(78,979)</u>
	<u>(69,574)</u>	<u>(65,880)</u>	<u>(77,745)</u>	<u>(81,020)</u>	<u>(76,211)</u>	<u>(78,979)</u>
	<u>7,712,296</u>	<u>8,569,198</u>	<u>8,527,220</u>	<u>8,765,963</u>	<u>8,788,877</u>	<u>8,361,619</u>
	1,038,160	1,489,458	948,763	1,006,906	1,321,131	(669,669)
	<u>13,570,795</u>	<u>14,740,198</u>	<u>16,504,510</u>	<u>17,435,139</u>	<u>17,489,324</u>	<u>18,653,967</u>
\$	<u>14,608,955</u>	<u>\$ 16,229,656</u>	<u>\$ 17,453,273</u>	<u>\$ 18,442,045</u>	<u>\$ 18,810,455</u>	<u>\$ 17,984,298</u>

State of Oklahoma
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(expressed in thousands)

	2007	2008	2009	2010
Revenues				
Taxes:				
Income Taxes-Individual	\$ 2,654,294	\$ 2,753,040	\$ 2,537,221	\$ 1,969,264
Income Taxes-Corporate	772,668	552,193	449,910	171,555
Sales Tax	1,968,931	2,107,116	2,190,082	1,981,220
Gross Production Taxes	822,888	1,114,950	1,136,279	702,949
Motor Vehicle Taxes	609,669	604,926	585,084	551,029
Fuel Taxes	401,992	419,617	397,852	384,383
Tobacco Taxes	220,556	237,166	254,006	234,540
Insurance Taxes	104,403	100,778	105,076	87,805
Beverage Taxes	79,996	86,648	90,071	83,673
Other Taxes	339,330	204,812	119,946	350,969
Licenses, Permits and Fees	289,717	323,903	357,226	356,321
Interest and Investment Revenue	637,729	399,006	89,296	476,597
Federal Grants	5,006,861	5,503,532	6,227,575	7,456,421
Sales and Services	185,278	173,117	201,307	184,977
Other	366,988	475,020	570,192	780,630
Total Revenues	14,461,300	15,055,824	15,311,123	15,772,333
Expenditures				
Education	4,218,333	4,387,428	4,619,951	4,648,786
Government Administration	1,604,462	1,694,758	1,631,219	1,560,521
Health Services	3,936,893	4,200,188	4,525,993	4,737,363
Legal and Judiciary	207,229	215,942	225,225	248,996
Museums	17,045	31,586	16,903	14,993
Natural Resources	238,075	263,551	271,487	279,830
Public Safety and Defense	773,813	876,660	915,880	755,376
Regulatory Services	108,231	93,438	127,803	117,821
Social Services	1,758,475	1,755,810	1,933,117	2,259,473
Transportation	173,532	286,540	199,517	177,683
Capital Outlay	918,055	1,010,262	1,438,064	1,626,181
Debt Service				
Principal Retirement	103,606	126,103	95,155	111,816
Interest and fiscal Charges	69,769	74,108	70,026	70,549
Total Expenditures	14,127,518	15,016,374	16,070,340	16,609,388
Revenues in Excess of (Less Than) Expenditures	333,782	39,450	(759,217)	(837,055)
Other Financing Sources (Uses)				
Transfers In	80,606	76,576	77,371	84,362
Transfers Out	(10,634)	(8,253)	(7,545)	(14,047)
Bonds Issued	6,430	23,000	105,400	148,080
Notes Issued	95,675	-	98,230	-
Refunding Bonds Issued	-	-	-	-
Bond Issue Premiums	4,573	-	2,478	2,671
Bond Issue Discounts	(82)	-	(730)	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Capital Leases and Certificates of Participation	2,501	2,873	3,655	8,116
Sale of Capital Assets	7,613	7,860	5,832	10,142
Total Other Financing Sources (Uses)	186,682	102,056	284,691	239,324
Net Changes in Fund Balances	520,464	141,506	(474,526)	(597,731)
Fund Balances - Beginning of Year (as restated)	5,684,898	6,174,576	6,315,187	5,840,650
Fund Balances - End of Year	\$ 6,205,362	\$ 6,316,082	\$ 5,840,661	\$ 5,242,919
Debt Service as a Percentage of Noncapital Expenditures	1.3%	1.4%	1.1%	1.2%

2011	2012	2013	2014	2015	2016
\$ 2,393,660	\$ 2,739,864	\$ 2,855,509	\$ 2,855,601	\$ 3,003,481	\$ 2,932,254
328,007	413,113	595,249	408,665	357,681	369,559
2,191,643	2,400,354	2,523,098	2,598,873	2,553,855	2,481,557
786,827	885,038	513,350	657,476	578,464	319,071
633,107	693,524	686,540	778,694	772,690	762,862
399,011	416,940	408,507	419,084	424,560	424,276
267,948	281,754	272,123	250,228	251,786	257,797
113,948	124,651	145,437	167,444	183,762	181,477
94,352	99,567	105,316	108,830	113,229	115,463
324,927	361,660	265,359	401,253	430,526	397,700
403,355	597,471	627,229	671,822	698,779	683,364
699,254	336,295	509,424	692,697	318,679	254,610
7,499,163	6,934,571	6,647,031	6,746,151	6,652,689	6,667,592
166,595	190,782	174,524	200,087	180,205	212,228
521,796	614,344	865,018	508,810	810,625	729,643
16,823,593	17,089,928	17,193,714	17,465,715	17,331,011	16,789,453
4,572,304	4,395,104	4,406,724	4,359,511	4,459,227	4,373,024
1,634,351	1,741,287	1,857,921	2,204,090	1,522,733	1,699,571
4,851,630	5,436,158	5,447,207	5,745,842	5,636,440	5,704,161
232,245	231,292	239,421	250,376	248,668	251,114
13,801	14,281	14,915	14,532	9,698	9,074
250,174	211,946	337,867	246,556	273,081	281,530
798,995	764,714	768,059	798,173	786,197	826,716
115,076	111,911	122,354	128,460	150,864	191,627
2,252,188	2,091,972	2,196,864	2,214,898	2,177,124	2,347,661
182,708	208,009	212,248	225,768	203,021	237,427
1,551,017	1,302,447	1,104,103	894,684	1,451,605	1,764,073
118,163	98,831	221,187	361,488	408,643	191,272
72,074	95,097	112,030	71,269	60,833	76,228
16,644,726	16,703,049	17,040,900	17,515,647	17,388,134	17,953,478
178,867	386,879	152,814	(49,932)	(57,123)	(1,164,025)
71,919	73,168	67,955	81,020	83,587	85,002
(2,345)	(7,287)	-	-	(7,376)	(6,023)
559,045	68,805	22,795	235,505	189,250	39,535
-	-	-	-	-	-
-	6,140	67,555	-	-	-
38,627	11,282	8,099	25,679	18,398	5,276
-	(35)	(121)	-	-	-
(246,044)	-	-	-	-	-
2,640	5,659	5,256	322	365	-
7,601	8,139	11,928	10,798	87,267	14,451
431,443	165,871	183,467	353,324	371,491	138,241
610,310	552,750	336,281	303,392	314,368	(1,025,784)
5,241,938	5,849,593	6,411,045	6,747,327	6,996,319	7,299,807
\$ 5,852,248	\$ 6,402,343	\$ 6,747,326	\$ 7,050,719	\$ 7,310,687	\$ 6,274,023
1.3%	1.3%	2.1%	2.6%	2.9%	1.7%

State of Oklahoma
Personal Income by Industry
Last Ten Years
(expressed in millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Personal Income	\$ 115,960	\$ 126,280	\$ 131,070	\$ 132,144	\$ 133,149	\$ 142,862	\$ 154,958	\$ 161,188	\$ 167,292	\$ 178,250
Farm Earnings	401	486	828	110	955	881	1,253	1,128	1,303	2,043
Nonfarm Earnings	85,495	91,723	93,894	93,158	92,177	101,345	108,094	113,571	118,038	126,040
Private Earnings	67,681	72,903	73,787	71,887	70,174	79,024	87,058	92,367	96,706	103,580
Forestry, Fishing & Agriculture	186	203	203	199	193	273	244	268	357	229
Mining, Oil & Natural Gas Extraction	8,265	8,634	7,963	8,528	5,813	9,467	14,809	14,736	15,626	13,859
Utilities	1,385	1,721	1,309	1,473	1,407	1,468	1,537	1,573	2,044	1,637
Construction	4,112	4,154	4,722	4,383	4,861	5,390	6,381	7,296	7,509	7,767
Manufacturing - Durable	5,759	6,020	6,266	5,389	5,717	5,907	6,486	6,725	7,108	7,311
Manufacturing - Nondurable	7,185	8,533	5,734	5,476	3,240	3,675	3,500	3,839	3,915	3,147
Wholesale Trade	3,548	3,745	4,060	3,727	3,667	4,026	4,298	4,559	4,839	4,844
Retail Trade	5,578	5,746	6,255	5,810	6,414	6,749	7,080	7,329	7,603	7,253
Transportation and Warehousing	3,260	3,484	3,732	3,698	3,931	5,063	4,316	5,739	5,893	14,222
Services	28,403	30,663	33,543	33,204	34,931	37,006	38,407	40,303	41,812	43,311
Government	17,814	18,820	20,107	21,271	22,003	22,321	21,036	21,204	21,332	22,460
Federal, civilian	4,001	4,170	4,193	4,467	4,797	4,884	4,409	4,277	4,308	4,582
Military	2,621	2,691	2,825	3,024	3,261	3,240	2,438	2,355	2,216	2,171
State and Local	11,192	11,959	13,089	13,780	13,945	14,197	14,189	14,572	14,808	15,707
Highest Personal Income Tax Rate	5.65%	5.65%	5.50%	5.50%	5.50%	5.50%	5.25%	5.25%	5.25%	5.25%
Corporate Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Source: U. S. Department of Commerce, Bureau of Economic Analysis, and the Oklahoma Tax Commission.
Data is the latest available at time of printing.

State of Oklahoma
 Personal Income Tax Filers and Liability by Adjusted Gross Income
 Calendar (Tax) Years 2014 and 2005

Calendar Year 2014				
<u>Adjusted Gross Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$100,001 and higher	267,771	15%	\$1,875,762,433	59%
\$75,001 - \$100,000	140,576	8%	\$392,467,082	13%
\$50,001 - \$75,000	228,165	13%	\$421,489,815	13%
\$25,001 - \$50,000	429,959	24%	\$371,856,641	12%
\$10,001 - \$25,000	402,816	23%	\$68,733,531	2%
\$10,000 and lower	308,835	17%	\$606,080	1%
Total	1,778,122	100%	\$3,130,915,582	100%

Calendar Year 2005				
<u>Adjusted Gross Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$100,001 and higher	134,855	9%	\$1,230,765,752	44%
\$75,001 - \$100,000	100,108	6%	\$354,623,430	13%
\$50,001 - \$75,000	192,329	12%	\$468,708,115	17%
\$25,001 - \$50,000	388,759	24%	\$491,675,148	18%
\$10,001 - \$25,000	424,470	26%	\$157,783,259	6%
\$10,000 and lower	372,856	23%	\$57,194,265	2%
Total	1,613,377	100%	\$2,760,749,969	100%

Source: Oklahoma Tax Commission

State of Oklahoma

Tax Collections

For Last Ten Years

Taxes	2007	2008	2009	2010
Aircraft Excise Tax	\$ 4,894,881	\$ 4,756,533	\$ 4,172,388	\$ 4,234,993
Alcoholic Beverage Excise Tax	19,298,490	20,898,973	21,886,066	21,905,099
Beverage Tax	24,876,901	25,337,878	26,359,749	25,303,290
Bingo Tax	1,088,643	491,681	222,436	140,859
Business Activity Tax	-	-	-	-
Charity Games Tax	107,404	71,363	51,222	54,607
Cigarette Tax	197,416,262	202,745,622	204,236,542	196,519,460
City Use Tax - Collect/Deposit	897,305	1,069,561	958,607	1,002,399
Coin Operated Device Decal	3,560,571	3,512,188	3,956,591	3,111,604
Controlled Dangerous Substance Tax	19,295	17,766	33,260	20,674
County Tax (Use & Lodging)	192,820	213,985	219,223	194,713
Diesel Fuel Excise Tax	60,427,734	69,806,535	72,681,342	71,963,557
Documentary Stamp Tax	17,153,783	16,584,410	13,307,236	11,090,994
Farm Implement Tax Stamps	6,305	8,324	8,287	6,397
Franchise Tax	43,068,528	46,103,569	46,908,656	46,714,746
Freight Car Tax	782,258	676,250	707,694	530,685
Fuels Excise Tax	-	-	-	-
Gaming Exclusivity Fees	43,618,582	79,779,165	104,803,681	118,624,111
Gasoline Excise Tax	207,928,969	207,968,692	206,287,240	208,545,441
Gross Production Tax - Oil and Gas	787,621,631	950,392,198	976,062,637	579,700,531
Horse Track Gaming	10,019,698	10,429,536	13,727,728	13,710,940
Income Tax (Individual)	2,774,850,747	2,778,617,535	2,605,269,216	2,230,787,128
Income Tax (Corporate)	554,759,229	359,823,533	376,971,517	212,866,850
Inheritance and Estate Tax	69,312,845	52,416,680	43,803,931	23,433,845
Insurance Premium Tax	159,816,876	161,504,757	165,916,913	141,255,690
Mixed Beverage Gross Receipts Tax	25,754,035	29,749,193	31,554,602	32,494,306
Occupational Health and Safety Tax	2,263,308	2,311,554	2,521,511	2,757,188
Pari-Mutuel Taxes	1,834,816	1,811,980	1,647,939	1,265,853
Pari-Mutuel - Other Tax	18,645	33,155	18,178	28,721
Petroleum Excise Tax	13,214,922	15,861,718	16,010,447	11,045,779
Rural Electric Co-operative Tax	1,448,501	1,488,051	1,602,814	1,521,744
Sales Tax	1,790,192,096	1,913,387,580	1,989,494,833	1,806,049,515
Sales Tax - City	13,735,769	12,425,284	13,720,926	13,113,139
Sales Tax - County	2,853,056	2,583,542	2,851,342	2,715,907
Special Fuel Decal	719,261	320,595	315,226	355,578
Special Fuel Use Tax	1,461,588	1,423,614	1,438,287	1,498,427
Tag Agent Remittance Tax	277,606,225	307,223,643	261,581,867	247,546,872
Telephone Surcharge	925,799	917,690	885,980	837,385
Tobacco Products Tax	23,700,748	24,311,479	26,073,091	27,045,416
Tourism Gross Receipt Tax	5,532,552	1,163,187	2,946	-
Tribal Compact in Lieu of Tax Payments	22,734,204	28,031,272	43,708,777	47,165,891
Unclaimed Property Assessment	11,849,607	11,756,295	11,444,647	11,418,562
Unclassified Tax Receipts	135,530	278,502	510,559	274,693
Use Tax	155,857,219	167,314,341	191,222,671	152,323,434
Vehicle Revenue Tax Stamps	46,074	46,769	39,793	37,247
Workers' Compensation Awards - Assessments	31,355,388	22,427,205	23,056,945	23,440,505
Workers' Compensation Insurance Premium Tax	7,652,100	7,622,856	7,567,468	7,452,455
Other Taxes	17,453,681	19,685,781	19,825,879	19,113,157
Total	\$ 7,390,064,881	\$ 7,565,402,020	\$ 7,535,648,889	\$ 6,321,220,387

Prepared using cash basis to aid in budgetary analysis.

Source: Oklahoma Tax Commission as adjusted.

2011	2012	2013	2014	2015	2016
\$ 4,358,022	\$ 5,884,147	\$ 4,910,204	\$ 4,074,978	\$ 3,243,398	\$ 4,828,624
22,777,383	23,614,156	25,553,610	26,372,098	26,987,301	26,646,189
24,934,826	24,979,667	24,653,353	23,896,702	23,283,684	22,887,790
136,038	132,086	127,801	105,890	80,475	61,400
4,869,667	50,733,207	45,051,074	33,395,208	816,420	107,215
20,623	28,177	42,535	34,835	37,195	18,534
215,941,799	227,840,813	210,231,001	195,926,775	197,553,535	198,606,624
1,000,347	1,259,015	1,229,331	1,313,014	1,356,836	658,449
2,197,531	4,044,697	4,191,200	3,602,660	3,794,511	3,719,626
30,586	34,874	57,556	72,283	63,393	55,753
237,749	280,394	314,817	357,102	372,177	181,421
69,230,643	77,027,777	73,785,574	80,309,870	79,234,208	68,837,914
10,981,645	11,991,469	15,282,903	15,763,766	18,191,408	18,008,889
8,033	8,328	10,818	11,611	11,697	10,666
32,647,715	758,202	540,824	1,126,420	56,540,151	56,198,494
619,364	665,287	717,516	837,888	826,793	850,181
49,665	-	-	-	-	-
123,560,707	124,300,610	129,286,255	123,376,190	128,443,759	134,390,332
197,712,177	206,179,731	203,403,445	202,091,479	207,370,800	214,758,884
631,755,429	724,903,048	373,494,633	477,781,300	401,619,064	196,635,110
16,915,904	18,612,058	20,483,704	20,615,037	20,592,150	20,890,153
2,385,413,131	2,723,887,073	2,844,880,206	2,835,207,273	3,152,729,993	2,941,832,022
330,905,421	412,808,773	594,181,209	408,109,649	375,873,186	371,445,751
5,661,243	1,814,854	135,523	873,332	1,056,925	126,278
170,627,316	199,620,667	213,675,180	223,090,507	244,415,684	257,217,612
35,344,321	39,241,847	43,357,002	46,127,916	50,193,262	52,872,099
2,672,792	3,027,902	2,681,651	2,597,953	2,171,916	2,280,573
1,117,663	1,272,843	1,287,912	1,168,333	1,163,885	1,068,502
11,155	7,633	9,352	6,961	6,028	24,116
13,077,225	14,309,381	12,450,983	16,135,417	14,152,206	8,148,238
1,642,867	1,770,676	1,842,173	2,055,243	2,214,029	2,031,514
1,982,182,368	2,165,311,137	2,275,444,163	2,335,326,717	2,424,380,716	2,268,723,336
12,948,170	14,906,819	15,541,756	14,952,187	16,725,211	8,964,736
2,853,587	3,304,647	3,374,051	3,328,337	3,800,593	1,919,312
503,848	396,838	460,204	450,950	351,812	159,254
1,522,816	1,539,054	1,421,676	1,485,281	1,534,694	1,541,979
307,579,624	348,562,103	330,838,092	388,643,946	376,730,773	385,676,774
796,832	722,113	719,897	634,760	570,979	493,779
30,947,514	34,415,644	37,643,515	40,243,152	44,462,393	47,592,850
-	-	-	-	-	-
40,180,597	41,910,495	43,741,973	31,908,905	27,372,341	28,901,523
9,424,634	12,083,796	10,575,619	10,235,907	9,433,401	10,200,000
188,102	366,977	49,413	43	436,149	209,126
176,061,390	206,228,223	221,082,285	237,162,483	240,423,735	208,492,766
40,797	43,650	51,598	47,408	46,974	47,338
25,534,690	22,723,364	34,801,759	55,465,606	63,469,440	57,157,971
8,802,817	8,693,887	9,949,807	10,210,365	9,789,096	9,129,743
21,172,515	23,170,322	28,001,415	32,368,659	37,118,891	33,803,335
<u>\$ 6,927,199,288</u>	<u>\$ 7,785,418,461</u>	<u>\$ 7,861,566,568</u>	<u>\$ 7,908,902,396</u>	<u>\$ 8,271,043,267</u>	<u>\$ 7,668,412,775</u>

State of Oklahoma
Percentage of Annual Debt Service Expenditures
for General Bonded Debt to Total Expenditures
Governmental Funds
For Last Ten Years
(Expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Service										
Principal Retirement	\$ 103,606	\$ 126,103	\$ 95,155	\$ 111,816	\$ 118,163	\$ 98,831	\$ 221,187	\$ 361,488	\$ 408,643	\$ 191,272
Interest and Fiscal Charges	69,769	74,108	70,026	70,549	72,074	95,097	112,030	71,269	60,833	76,228
Total Debt Service	173,375	200,211	165,181	182,365	190,237	193,928	333,217	432,757	469,476	267,500
Total Expenditures	\$ 13,209,463	\$ 14,006,112	\$ 14,632,276	\$ 14,983,207	\$ 15,093,709	\$ 15,400,602	\$ 15,936,797	\$ 16,620,964	\$ 15,936,529	\$ 16,189,405
Ratio	1.313%	1.429%	1.129%	1.217%	1.260%	1.259%	2.091%	2.604%	2.946%	1.652%

State of Oklahoma
Ratios of Outstanding Debt by Type-
Primary Government
Last Ten Fiscal Years
(expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities Debt:										
General Obligation Bonds	\$ 233,510	\$ 218,955	\$ 203,755	\$ 188,030	\$ 175,645	\$ 175,645	\$ 136,585	\$ 131,955	\$ 107,395	\$ 82,100
General Obligation Bonds as a Percentage of General Revenue ^a	2.82%	2.56%	2.50%	2.81%	2.26%	2.03%	1.59%	1.49%	1.21%	0.97%
Per Capita (actual-not in thousands) ^b	\$ 65	\$ 60	\$ 55	\$ 50	\$ 46	\$ 46	\$ 36	\$ 34	\$ 28	\$ 21
Revenue bonds	1,137,350	1,061,570	1,099,625	1,173,025	1,428,820	1,424,555	1,353,449	1,255,988	1,283,082	1,157,304
Notes Payable	221,898	211,570	299,266	246,623	229,929	212,592	194,560	173,985	47,245	30,520
Capital Leases	4,641	5,082	6,650	12,553	12,719	8,710	10,712	8,271	6,526	4,202
Total Governmental Activities	1,597,399	1,497,177	1,609,296	1,620,231	1,847,113	1,821,502	1,695,306	1,570,199	1,444,248	1,274,126
Business-Type Activities Debt:										
Revenue Bonds	\$ 580,049	\$ 544,900	\$ 502,901	\$ 599,984	\$ 759,493	\$ 832,597	\$ 931,413	\$ 801,159	\$ 778,800	\$ 867,324
Total Business-Type Activities	580,049	544,900	502,901	599,984	759,493	832,597	931,413	801,159	778,800	867,324
Total Primary Government	2,177,448	2,042,077	2,112,197	2,220,215	2,606,606	2,654,099	2,626,719	2,371,358	2,223,048	2,141,450
Total Primary Government Debt as a Percentage of Personal Income ^c	1.72%	1.60%	1.60%	1.66%	1.92%	1.84%	1.68%	1.46%	1.32%	1.20%
Per Capita (actual-not in thousands) ^b	\$ 602	\$ 559	\$ 575	\$ 595	\$ 679	\$ 694	\$ 684	\$ 618	\$ 569	\$ 543

^a General Revenue values can be found in the Changes in Net Position statistics schedule.

^b Population data can be found in the Demographic and Economic Statistics schedule. The amount for the current year is estimated. Population data for the current year was unavailable at printing.

^c Debt by Type information can be found in the notes to the financial statements. The percentage for the current year is estimated. Current year personal income data was unavailable at printing.

State of Oklahoma
Revenue Bond Coverage
Enterprise Fund and Component Units
For the Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year Ended	Gross Revenues (1)	Operating Expenses (2)	Net Revenues for Debt Service	Debt Service Requirements	Debt Serv. Coverage
COMPONENT UNITS:						
Oklahoma Student Loan Authority (June 30 year end)	2016	\$ 12,890	\$ 9,488	\$ 3,402	\$ 4,010	0.85
	2015	12,614	9,552	3,062	4,323	0.71
	2014	14,229	9,720	4,509	5,251	0.86
	2013	19,195	9,319	9,876	7,002	1.41
	2012	16,201	2,134	14,067	6,823	2.06
	2011	19,831	(296)	20,127	7,734	2.60
	2010	19,858	(1,993)	21,851	42,601	0.51
	2009	39,625	867	38,758	94,891	0.41
	2008	60,391	958	59,433	95,588	0.62
	2007	65,329	887	64,442	41,813	1.54
Oklahoma Housing Finance Agency (September 30 year end)	2015	\$ 35,347	\$ 12,395	\$ 22,952	\$ 25,043	0.92
	2014	39,286	15,461	23,825	41,461	0.57
	2013	18,003	19,773	(1,770)	115,088	-0.02
	2012	47,532	14,855	32,678	88,459	0.37
	2011	63,923	14,131	49,792	69,559	0.72
	2010	64,490	15,346	49,144	44,125	1.11
	2009	83,223	14,233	68,990	104,808	0.66
	2008	67,511	13,402	54,109	72,439	0.75
	2007	54,416	12,831	41,585	54,104	0.77
Oklahoma Turnpike Authority (December 31 year end)	2015	\$ 263,317	\$ 85,532	\$ 177,785	\$ 94,634	1.88
	2014	257,863	82,048	175,815	108,314	1.62
	2013	242,226	81,593	160,633	91,893	1.75
	2012	241,379	86,706	154,674	101,570	1.52
	2011	235,369	87,918	147,451	99,141	1.49
	2010	237,047	72,396	164,651	100,389	1.64
	2009	217,158	70,915	146,243	99,555	1.47
	2008	273,732	75,320	198,412	94,143	2.11
	2007	212,380	70,197	142,183	89,604	1.59
Grand River Dam Authority (December 31 year end)	2015	\$ 425,083	\$ 229,863	\$ 195,220	\$ 75,542	2.58
	2014	485,012	307,941	177,071	79,109	2.24
	2013	432,799	251,386	181,413	134,919	1.34
	2012	423,614	272,188	151,425	135,799	1.12
	2011	418,551	254,480	164,071	136,623	1.20
	2010	398,415	196,671	201,744	142,448	1.42
	2009	340,341	214,758	125,583	124,702	1.01
	2008	346,067	156,179	189,888	68,780	2.76
	2007	314,287	127,530	186,757	99,214	1.88
Oklahoma Municipal Power Authority (December 31 year end)	2015	\$ 185,981	\$ 132,151	\$ 53,830	\$ 45,125	1.19
	2014	192,273	136,025	56,248	49,563	1.13
	2013	179,321	135,198	44,123	39,685	1.11
	2012	175,506	124,308	51,198	43,857	1.17
	2011	175,983	126,187	49,796	44,848	1.11
	2010	163,991	117,610	46,381	40,299	1.15
	2009	153,534	113,568	39,966	35,494	1.13
	2008	158,006	122,828	35,178	36,346	0.97
	2007	153,391	119,268	34,123	32,730	1.04
	2006	167,944	132,472	35,472	30,265	1.17

	Fiscal Year Ended	Gross Revenues (1)	Operating Expenses (2)	Net Revenues for Debt Service	Debt Service Requirements	Debt Serv. Coverage
Higher Education (June 30 year end)	2016	\$ 4,762,338	\$ 4,308,023	\$ 454,315	\$ 291,597	1.56
	2015	4,843,892	4,122,226	721,666	113,085	6.38
	2014	5,015,949	4,107,758	908,191	274,979	3.30
	2013	5,953,195	3,944,790	2,008,405	147,220	13.64
	2012	5,389,947	3,932,409	1,457,538	148,780	9.80
	2011	4,722,834	3,562,033	1,160,801	207,268	5.60
	2010	4,177,035	3,670,063	506,972	303,612	1.67
	2009	3,831,790	3,636,123	195,667	95,303	2.05
	2008	4,109,380	3,365,616	743,764	69,859	10.65
	2007	3,950,840	3,201,403	749,437	194,053	3.86
ENTERPRISE FUND:						
Oklahoma Water Resources Board (June 30 year end)	2016	\$ 22,601	\$ 1,460	\$ 21,141	\$ 40,318	0.52
	2015	20,918	766	20,152	42,672	0.47
	2014	20,600	1,287	19,313	50,395	0.38
	2013	20,128	1,427	18,701	56,376	0.33
	2012	17,580	1,036	16,544	40,532	0.41
	2011	14,705	1,529	13,176	34,638	0.38
	2010	12,885	1,126	11,759	34,162	0.34
	2009	12,069	807	11,262	40,149	0.28
	2008	13,523	823	12,700	36,575	0.35
	2007	14,992	781	14,211	140,922	0.10

(1) Gross revenues including interest and investment income, but excluding revenues restricted to other debt.

(2) Operating expenses, exclusive of depreciation and operating interest (where applicable)

- Revenue bond coverage is not intended to portray compliance with bond indenture agreements.

- Debt service requirements do not include one time debt service payments from refunding bonds.

State of Oklahoma
Major Employers by Size
Non-Government
For years 2006 and 2015

Non-Governmental Major Employers 2006	Non-Governmental Major Employers 2015	Employment 2015	Percentage of Total State Employment 2015
Wal-Mart Stores, Inc.	Wal-Mart Stores, Inc.	33,500	1.90%
Integrus Health	Integrus Health, Inc.	9,500	0.54%
AMR Corp.	Mercy Health	6,500	0.37%
Hillcrest Healthcare System	Hobby Lobby Stores	6,000	0.34%
Saint Francis Hospital Inc.	Saint Francis Hospital Inc.	6,000	0.34%
Sonic Industries, Inc.	American Airlines	5,500	0.31%
Conoco Phillips	Braum's Inc.	5,500	0.31%
Goodyear Tire & Rubber Company	St. Johns Medical Center Inc.	5,000	0.28%
HCA Healthcare	Lowe's Home Centers, Inc.	4,500	0.26%
Seaboard Farms	Dolgencorp (Dollar General)	4,000	0.23%

Source: Oklahoma Department of Commerce

Note: The information above is compiled by the Department of Commerce and is the latest available at the date of publication.

State of Oklahoma

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population ^a (in thousands)				Personal Income ^a (in millions)	Per Capita Personal Income ^a			Civilian Labor Force ^b		
	U. S.	Change from Prior Period		State of Oklahoma	State of Oklahoma	U. S.	State of Oklahoma	Oklahoma as a Percentage of U.S.	Employed	Unemployed	Unemployment Rate
		from Prior Period	from Prior Period								
2006	298,363	0.95%	3,568	1.08%	118,747	37,728	33,280	88.21%	1,647,755	69,844	4.1%
2007	301,290	0.98%	3,608	1.12%	123,889	39,430	34,336	87.08%	1,657,767	76,688	4.4%
2008	304,060	0.92%	3,642	0.94%	131,070	40,208	35,985	89.50%	1,682,000	71,000	4.1%
2009	307,007	0.97%	3,687	1.24%	132,144	39,626	35,840	90.45%	1,660,000	114,000	6.4%
2010	309,350	0.76%	3,762	2.03%	133,149	39,945	35,396	88.61%	1,631,000	124,000	7.1%
2011	311,592	0.72%	3,792	0.80%	142,862	41,560	37,679	90.66%	1,662,000	109,000	6.2%
2012	313,914	0.75%	3,815	0.61%	154,958	43,735	40,620	92.88%	1,709,000	94,000	5.2%
2013	316,129	0.71%	3,851	0.94%	161,188	44,765	41,861	93.51%	1,718,000	99,000	5.4%
2014	318,857	0.86%	3,878	0.70%	167,292	46,129	43,138	93.52%	1,704,000	80,000	4.5%
2015	321,419	0.80%	3,911	0.85%	178,250	48,112	45,573	94.72%	1,764,000	78,000	4.2%

^a source U.S. Bureau of Economic Analysis as adjusted.

^b source Oklahoma Employment Security Commission.

Note: The information above is the latest available at the date of publication.

State of Oklahoma

School Enrollments

For the Years 2006 through 2015

<u>Public School Enrollments:</u>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Early childhood	33,418	34,378	35,270	37,726	39,784	40,688	37,929	40,121	40,129	39,474
Kindergarten	48,667	49,362	49,306	50,497	51,037	52,114	52,339	54,649	55,127	53,453
Elementary School	255,144	236,130	239,446	242,668	246,305	248,398	252,235	266,499	257,154	248,631
Junior High School	117,026	137,251	136,059	135,889	138,626	140,964	130,505	141,539	123,812	142,131
Senior High School	157,248	178,292	178,400	176,679	177,366	175,949	173,193	154,144	184,074	187,031
No-High School Districts (Grades 1-8)	19,435	20,743	22,603	24,090	23,938	23,596	23,549	17,215	24,151	18,179
Special Education (Ungraded)	3,802	3,978	3,584	1,649	1,684	1,798	1,535	1,542	2,070	2,169
Out-of-Home Placements	1,777	1,854	1,635	1,806	1,720	1,915	1,905	1,616	1,783	1,602
Total	<u>636,516</u>	<u>661,988</u>	<u>666,303</u>	<u>671,004</u>	<u>680,460</u>	<u>685,422</u>	<u>673,190</u>	<u>677,325</u>	<u>688,300</u>	<u>692,670</u>
<u>Higher Education:</u>										
Public Institutions	235,730	233,371	235,388	250,673	255,503	256,213	251,096	236,865	228,768	225,858
Private Institutions	<u>24,060</u>	<u>24,070</u>	<u>25,278</u>	<u>21,945</u>	<u>25,856</u>	<u>26,830</u>	<u>27,708</u>	<u>26,175</u>	<u>17,997</u>	<u>17,494</u>
Total	<u>259,790</u>	<u>257,441</u>	<u>260,666</u>	<u>272,618</u>	<u>281,359</u>	<u>283,043</u>	<u>278,804</u>	<u>263,040</u>	<u>246,765</u>	<u>243,352</u>
<u>Career-Technology Education:</u>										
Secondary *	154,857	160,310	156,755	154,492	148,831	148,831	151,720	149,501	152,227	150,958
Adult	<u>404,260</u>	<u>407,597</u>	<u>378,772</u>	<u>345,016</u>	<u>354,949</u>	<u>354,949</u>	<u>376,783</u>	<u>372,687</u>	<u>394,650</u>	<u>366,538</u>
Total	<u>559,117</u>	<u>567,907</u>	<u>535,527</u>	<u>499,508</u>	<u>503,780</u>	<u>503,780</u>	<u>528,503</u>	<u>522,188</u>	<u>546,877</u>	<u>517,496</u>

* These students may also be included in public school enrollments above.

Sources: Department of Education, Regents for Higher Education, and Department of Career and Technology Education

State of Oklahoma
Government Employees by Function
Fiscal Years 2007 through 2016
(excluding Higher Education)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function:										
Education	993	1,052	1,043	963	864	832	836	817	782	767
Government Administration	2,023	2,312	2,297	2,324	2,036	2,275	2,828	2,829	2,633	2,624
Health Services	4,719	4,977	4,920	4,550	4,403	4,254	4,337	4,434	4,519	4,497
Legal and Judiciary	745	2,345	2,335	2,316	2,216	2,276	2,275	2,220	2,255	2,216
Museums	164	176	168	158	151	149	151	145	140	129
Natural Resources	1,973	2,570	2,547	2,418	2,356	2,292	2,266	2,254	2,360	2,325
Public Safety and Defense	8,524	7,287	7,224	6,857	6,428	6,311	6,320	6,367	6,338	6,409
Regulatory Services	1,625	1,376	1,368	1,328	1,291	1,280	1,289	1,302	1,023	1,030
Social Services	11,303	12,191	12,635	12,027	11,674	11,033	10,960	11,268	11,518	10,911
Transportation	2,984	2,971	3,109	3,019	2,960	2,893	2,865	2,906	2,868	2,912
Total	35,053	37,257	37,646	35,960	34,379	33,595	34,127	34,542	34,436	33,820

Source: The Human Capital Management (HCM) division of the Office of Management and Enterprise Services (OMES).

State of Oklahoma
Capital Assets Utilization by Function-
Primary Government
Last Ten Fiscal Years
(net of depreciation, expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Education	\$ 18,592	\$ 18,130	\$ 23,888	\$ 24,064	\$ 28,402	\$ 29,906	\$ 29,628	\$ 33,274	\$ 32,602	\$ 33,110
Government Administration	161,339	173,422	173,235	220,891	235,887	289,578	291,033	289,411	286,592	276,274
Health Services	28,161	28,784	142,580	149,604	146,835	162,355	157,101	151,996	151,408	157,047
Legal and Judiciary	300	302	125	387	310	349	1,066	824	529	1,168
Museums	6,454	6,576	6,594	11,156	12,662	12,505	13,169	13,920	12,942	13,894
Natural Resources	103,066	122,618	140,616	160,253	180,892	193,947	200,208	218,155	233,997	251,259
Public Safety and Defense	306,970	320,743	372,077	460,894	502,434	524,859	529,224	522,170	507,035	444,173
Regulatory Services	697	682	1,597	1,532	1,173	904	859	726	947	804
Social Services	203,034	209,140	97,722	122,358	118,942	115,417	104,439	86,288	87,785	85,479
Transportation	6,828,923	7,179,503	7,513,128	8,139,553	8,730,234	9,159,061	9,433,515	9,692,860	9,957,686	10,335,267
Governmental activities, net	\$ 7,657,536	\$ 8,059,900	\$ 8,471,562	\$ 9,290,692	\$ 9,957,771	\$ 10,488,881	\$ 10,760,242	\$ 11,009,624	\$ 11,271,523	\$ 11,598,475
Business-type activities, net	\$ 1,028	\$ 771	\$ 527	\$ 330	\$ 202	\$ 126	\$ 1,037	\$ 1,415	\$ 1,914	\$ 2,856

State of Oklahoma

Operating Indicators for Governmental Functions

Fiscal Years 2007 – 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Government Administration										
Office of Management and Enterprise Services										
Number of motor vehicles maintained	1,019	1,019	964	1,267	1,203	1,217	1,168	1,104	1,093	1,076
Number of buildings managed	17	17	17	18	18	19	20	20	28	28
Health Services										
Department of Health										
Protective services:										
Retail food establishment inspections	24,704	33,648	33,648	24,369	23,368	45,874	43,083	44,939	45,417	47,457
Food inspections	45,847	43,387	42,342	48,036	44,878	46,662	43,671	47,831	48,417	48,913
Long-Term Care:										
Facility licensing, inspections and complaints	3,335	3,622	2,314	2,120	1,912	4,078	2,223	2,492	2,275	2,901
Residents (approximate)	18,500	18,950	17,813	19,623	21,202	18,512	19,340	19,006	18,987	18,880
Mental Health and Substance Abuse Department										
Number of clients:										
Mental Health	44,623	47,422	52,226	54,804	56,478	65,356	65,314	* 166,181	167,464	172,096
Substance Abuse	19,470	21,084	22,144	20,981	18,881	19,351	18,208	37,292	39,747	39,257
Hospitals - Inpatient Care	3	3	3	3	3	3	3	3	2	2
Legal and Judiciary										
Oklahoma Indigent Defense system										
Provides legal representation for indigent citizens charged with committing criminal acts.										
Represented - Total Court Appointments	38,556	39,334	39,385	43,883	41,965	43,712	43,980	48,401	49,723	58,025
Included above: Non-capital trial cases	32,000	30,000	30,000	32,000	33,000	35,000	43,167	47,543	48,964	57,318
Capital trial cases	65	71	92	105	112	98	67	53	50	44
General appeals cases	696	596	529	558	609	540	595	648	565	663
Average cost: Non-capital case (Staff Attorney)	\$463	\$410	\$373	\$279	\$380	\$368	\$361	\$346	\$304	\$334
Capital case (Staff Attorney)	\$38,708	\$34,824	\$28,756	\$28,423	\$21,196	\$21,551	\$25,955	\$36,710	\$37,075	\$40,252
Museums										
J. M. Davis Memorial										
Museum - 40,000 sq. ft.										
Number of artifacts	45,000	48,012	48,012	48,012	48,012	50,000	50,000	50,000	50,000	50,000
Visitors per year (average)	22,000	22,000	22,000	22,000	22,000	35,000	30,000	30,000	28,000	30,000
Oklahoma Historical Society										
Center - 18 acres 215,000 sq. ft.										
Number of artifacts (on exhibit)	>2,000	>2,000	>2,000	>2,000	>2,000	>2000	>2000	>2000	>2000	>2000
Visitors and researchers per year (average)	200,000	225,000	244,000	244,000	185,491	254,634	214,723	183,251	183,000	182,000
Will Rogers Memorial										
Museum - 12 Galleries - 16,652 sq. ft.										
Library - 2,400 sq. ft.										
Archives - number of documents, photographs	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	36,000
Visitors and researchers per year (average)	116,000	115,000	120,000	117,000	120,000	133,000	32,000	29,000	31,000	26,000
Natural Resources										
Wildlife Conservation										
Number of Anglers in State (last census)	774,000	697,000	697,000	697,000	697,000	729,000	729,000	729,000	729,000	729,000
Number of Hunters (last census)	261,000	445,000	445,000	445,000	445,000	244,000	244,000	244,000	244,000	244,000
Number of Wildlife Watchers (last census)	1,131,000	1,110,000	1,110,000	1,110,000	1,110,000	1,263,000	1,263,000	1,263,000	1,263,000	1,263,000

* Increase due to ODMHSAS becoming responsible for Medicaid outpatient behavioral health.

Source: Agency reports, Governor's annual budget report. Data above is the latest available at the date of publication.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety and Defense										
Department of Public Safety										
Driver's Licenses Issued	1,011,457	902,069	954,419	744,878	690,131	694,557	741,938	835,807	727,169	726,740
Citations Processed	221,659	219,442	168,346	227,426	162,748	158,914	182,073	198,518	200,826	213,616
Collision Reports Processed	14,175	14,033	76,947	79,354	74,714	73,462	68,406	82,067	74,267	72,537
Department of Corrections										
Capacity (Number of Beds)	24,845	24,815	25,515	25,455	25,364	25,469	25,846	26,473	27,256	27,064
Prison Population	24,124	24,433	24,337	24,870	24,384	24,526	25,159	26,874	27,889	27,987
As a percentage of capacity	97.1%	98.5%	95.4%	97.7%	96.1%	96.3%	97.3%	101.5%	102.3%	103.4%
Cost to house an inmate:										
Per diem cost/day - Maximum Security	\$60.07	\$70.04	\$64.35	\$75.97	\$75.85	\$78.50	\$87.01	\$100.80	\$87.20	\$84.01
Per diem cost/day - Medium Security	\$51.94	\$56.10	\$44.93	\$42.41	\$38.98	\$38.94	\$40.17	\$47.47	\$42.83	\$45.46
Regulatory Services										
Oklahoma Corporation Commission										
Number of regulated utilities	586	548	494	511	484	421	418	420	411	410
Hearings and administrative proceedings	33,523	32,273	35,582	29,981	30,504	31,805	40,052	40,594	43,642	44,269
Motor carrier vehicles registered (power units)	156,895	131,444	151,639	121,874	132,927	135,230	139,569	152,280	157,188	156,722
Oil and gas wells plugged (operator plugged)	2,016	1,699	1,629	1,582	2,926	1,948	1,319	1,485	1,226	2,403
Oil and gas wells plugged (abandoned, plugged by OCC)							167	206	176	132
Motor Fuel Facilities inspected	3,816	3,388	4,174	5,490	4,341	4,326	5,760	6,011	4,371	4,384
Retail fuel dispenser (pump) inspections	70,465	82,470	85,118	97,326	77,444	70,649	75,939	80,397	80,742	83,649
Social Services										
Department of Human Services										
Adoption subsidies (end of fiscal year)	9,923	10,051	10,951	11,924	12,384	13,114	13,706	14,123	15,333	16,611
Adult protective svcs (state fiscal year)	19,117	18,020	18,168	18,615	17,135	16,012	15,223	15,010	14,807	9,821
Child care services provided (monthly average)	45,246	40,250	39,079	39,060	39,017	36,444	34,722	33,322	32,336	31,713
Licensed facilities (monthly average)	5,533	4,762	4,696	4,561	4,376	4,213	3,960	3,825	3,558	3,438
Licensed capacity (monthly average)	140,507	137,743	137,973	136,534	136,816	135,585	132,625	131,150	126,123	124,200
Child protective services-Substantiated (state fiscal year)	13,827	11,714	8,605	7,248	8,110	9,842	11,418	14,172	15,252	15,187
Child support enforcement (cases-quarterly average)	169,394	182,228	188,327	193,000	198,390	202,743	203,209	206,746	207,677	206,701
Developmental Disabilities Persons Served (end of fiscal year)	12,692	13,724	14,063	14,352	14,602	9,894	9,772	9,777	9,693	8,905
Elderly support services (meals/state fiscal year)	4,117,680	4,005,247	3,902,997	6,176,989	6,098,275	6,265,779	6,105,823	6,056,081	6,324,185	6,630,634
Food stamps (unduplicated count/state fiscal year)	433,372	415,397	445,364	559,626	609,723	891,555	889,137	615,412	867,968	874,873
Foster care children (end of fiscal year)	7,898	12,108	9,489	7,973	8,502	9,132	10,233	11,483	10,942	9,984
Oklahoma Employment Security Commission										
Initial unemployment claims	112,153	107,308	183,159	218,918	183,849	155,885	124,170	108,758	105,258	109,028
Unemployment insurance paid	\$153,706,474	\$158,694,794	\$350,260,138	\$499,636,015	\$340,695,628	\$271,279,698	\$263,654,340	\$247,148,751	\$270,419,798	\$386,312,966
Transportation										
Oklahoma Department of Transportation										
State Highway System (miles)	12,266	12,266	12,266	12,266	12,882	12,882	12,882	12,882	12,265	12,265
Bridges on the State Highway System	6,728	6,728	6,728	6,728	6,800	6,800	6,800	6,800	6,828	6,828
System usage growth next 20 years (est.)										
Automobiles	33%	33%	33%	33%	65%	65%	65%	65%	65%	65%
Trucks	70%	70%	70%	70%	65%	65%	65%	65%	65%	65%
Freight railroads operating in Oklahoma	20	20	20	20	22	22	22	22	22	22
Passenger railroad	1	1	1	1	1	1	1	1	1	1
Rail passengers (average per year)	54,000	54,000	54,000	54,000	81,000	81,000	81,000	81,000	82,000	82,000
Railroad track (miles)	3,234	3,234	3,234	3,234	3,746	3,746	3,746	3,746	3,740	3740
Public Waterway Ports	2	2	2	2	2	2	2	2	2	2

State of Oklahoma

Additional Information and Sources of Statistical Data

Fiscal Year 2016

Additional Information:

The population of Oklahoma has steadily increased since 2004, averaging 0.9% per year.

At the end of December 2015, the Bureau of Labor Statistics reported the state's unemployment rate was 4.2% compared to the national rate of 5.0%. Oklahoma's unemployment rate has been below the national average since 1996.

Oklahoma's total personal income rate has increased at an average of 6.2% annually since 2004. During the same period Oklahoma's personal income per capita increased by 5.1% averaged annually compared to 3.6% nationally.

As a result, annual total tax collections since 2007 have increased by \$278,348,000 or 3.8%.

Please refer to the preceding Statistical Section tables, Management's Discussion and Analysis, the Financial Statements and Notes for more details and analysis.

Sources of Statistical Data:

Data provided in the statistical section of the CAFR is the latest available at the time of publication.

Primary sources of statistical data provided in the Statistical Section of the CAFR include:

- Oklahoma Department of Commerce
- Oklahoma Department of Labor
- Oklahoma Employment Security Commission
- Oklahoma Tax Commission
- Oklahoma Department of Education
- Oklahoma Regents for Higher Education
- Oklahoma Department of Career and Technology
- Oklahoma Office of Management and Enterprise Services
- U. S. Bureau of Labor Statistics
- U. S. Census Bureau
- U. S. Department of Commerce
- U. S. Bureau of Economic Analysis

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State Agency Finance Officers and Teams

Special Thanks To

Photos courtesy of Stefani Hovarter of the Office of Management and Enterprise Services



General Information

ADMITTED TO UNION (46TH STATE)	1907
CAPITAL	OKLAHOMA CITY
2015 POPULATION	3,911,338
POPULATION PER SQUARE MILE	57.0
COUNTIES	77

State Symbol

NICKNAME	SOONER STATE
MOTTO	LABOR OMNIA VINCIT (LABOR CONQUERS ALL THINGS)
COLORS	GREEN AND WHITE
FLOWER	OKLAHOMA ROSE
FLORAL EMBLEM	MISTLETOE
TREE	REDBUD
BIRD	SCISSOR-TAILED FLYCATCHER
ANIMAL	AMERICAN BUFFALO
FISH	WHITE BASS (SAND BASS)
BUTTERFLY	BLACK SWALLOWTAIL
REPTILE	MOUNTAIN BOOMER (COLLARED LIZARD)
ROCK	ROSE ROCK
WILDFLOWER	INDIAN BLANKET

Area

TOTAL AREA	69,899 SQUARE MILES
LAND AREA	68,595 SQUARE MILES
WATER AREA	1,304 SQUARE MILES

Recreation

NUMBER OF STATE PARKS	53
NUMBER OF STATE TRAILS	91
NUMBER OF LAKES	200



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